

THE CREDIT WORLD

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THE CREDIT WORLD

OFFICIAL ORGAN OF THE

NATIONAL RETAIL CREDIT ASSOCIATION

DAVID J. WOODLOCK, *Editor*

ALBERT B. SANDERS, *Managing Editor*

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What Does an Efficient Retail Credit Reporting Bureau Mean to the Merchant?

For fifteen years, the National Retail Credit Association has spent time, effort and money in the development of efficient clearing houses for retail credit information, and we have succeeded in enrolling over nine hundred as members of our Service Department. But we must confess our work has been seriously hampered by the very merchants we are attempting to serve.

In only sixty-two communities we find the merchants wholeheartedly supporting their Credit Reporting Bureaus, and it is a pertinent fact which should sink in on every retailer that these cities show a profit and loss account of less than one-fourth of one per cent, and a collection turnover averaging 48 days.

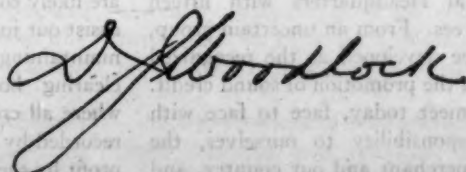
Retailers generally acknowledge the necessity of co-operative action as regards charge accounts. They realize the only way to eliminate the undesirable credit customer and establish a community credit policy is by having a credit bureau for the filing and compilation of information. But they are penny wise and pound foolish, as regards the cost of supporting such a bureau and the necessity of wholeheartedly giving every bit of information they have to this bureau and securing a report on every applicant for a charge account.

It is time the retailers wake up to this "leak" in their business which may mean a saving of fifty cents or one dollar on a report, but which eventually means a loss of many dollars in bad accounts and good will.

We cannot understand how, in this modern business age, with credit as an all-important selling factor in the retail trade, merchants can be "niggardly" as regards the building and development of the only safeguard they have; how they can be so short-sighted as to begrudge giving information to their competitors when they themselves are seeking the same kind of information; how they can fail to realize that with a fraternal working arrangement as regards credit accounts among all merchants of the community, they cannot alone eliminate the undesirable, but can promote increased sales to those worthy of credit.

You may occasionally get something for nothing, but you cannot do it continuously. You may, in some instances, find something good that is cheap, but if you desire a real credit bureau in your community, you must support it financially and co-operatively.

Credit losses in this country can be reduced millions of dollars and the public educated to pay their bills promptly, if retailers will heed the advice of the National Retail Credit Association.



Our Responsibilities

By DAVID J. WOODLOCK

Manager-Treasurer, National Retail Credit Association

MR. PRESIDENT, Ladies and Gentlemen: Having sat up with the By-Law Committee until two o'clock Monday morning, and worked all day yesterday with the Board of Directors, I trust you will pardon me if I refer to some notes I made here, in place of attempting to talk extemporaneously.

In making the program for this convention, I asked the privilege of addressing you for a few moments on the opening day, because I have noticed each year brings new faces and new members to our meetings. Many of these new members are not as familiar with the origin, aims and objects of our association as we of the "Old Guard," and I believe much of our future success depends upon the inspiration new members will receive from a knowledge of the past, and a vision of the ideals which inspired our founders.

Fifteen years ago, even to the very day, there met in Spokane, Washington, a small group of retail credit men and reporting agency owners. At this meeting the Retail Credit Men's National Association was organized, and Mr. Sherman L. Gilfillan, of Donaldson's Department Store, Minneapolis, selected as president.

The early days were discouraging. Handicapped by lack of capital, it was necessary to depend for growth and development upon personal effort of the members. Retailers feared credit, and were so little interested in our work, had our organizers not been men of vision and determination, we would have fallen by the wayside.

We progressed little by little, and, from a membership of seventeen, have grown to 15,020. From an association with a balance always on the red side of the ledger, we have become financially independent, with a net worth of \$39,000.00. From an organization with no central office, we have now a National Headquarters with fifteen employees. From an uncertain group, we have developed as the recognized force in the promotion of sound credit.

We meet today, face to face with our responsibility to ourselves, the retail merchant and our country, and

only in proportion to the seriousness with which we accept this responsibility, will we survive and prosper as individuals, or as an association.

No one will dispute the fact that credit has become a universal medium of exchange. Within the past few years, its use has been extended to the wage earner, many without tangible



assets, regardless of the accepted standard of past years; that credit is only sound when there are tangible assets to take the place of credit, should it become necessary. To adhere to this rule would curtail retail business fifty per cent. The retailer today extends credit on character, which is the greatest of all assets. Character, however, is often confused with reputation, which is a very uncertain factor. You know, character is what you really are, while reputation is what people think you are.

Our responsibility is to so train our minds that we can determine between character and reputation, and, in as much as we ourselves, being human, are likely to make mistakes, we should assist our judgment by developing and maintaining and supporting a central clearing house in our community, where all credit information would be recorded by each merchant, so all may profit by the experience of each.

And this brings us to our responsibility in creating a community credit policy.

Economists and business experts have written volumes dealing with the stabilization of finance. They have dealt with the gold reserve, exports and imports, banking questions, and what not; but few have paid much attention to what I consider a most important factor in all prosperity, that is the distribution of merchandise through the retailer. I am afraid business interests give little thought to the importance of the retailer in our commercial scheme.

When you realize the banker loans money to the manufacturer so he can purchase raw material, and the manufacturer adds profit and sells his product to the jobber, who adds profit and sells to the retailer to be disposed of to the customer with profit and dispatch, so the proceeds may be passed back through the various hands I have just mentioned, you realize what would happen to the jobber, the manufacturer and the banker, if the retailers should become confused in any large number and operate on unsound and unprofitable basis.

Our Federal Reserve System, because of its flexibility and ability to move funds to points of distress, can avert a panic from a capital point of contact, but there is still a possibility of upsetting our entire business structure from the bottom upward by unsound retailing methods, and, as credit has become the most important factor in retailing, it is our responsibility to stabilize and safeguard it.

The nation's business reminds me of an automobile. The farmer, manufacturer, wholesaler and jobber may be likened to the cylinders of the engine; the banks, the gasoline necessary as fuel. The retailer is the spark which ignites the gasoline and keeps the cylinders firing in order. The spark can be advanced or retarded to meet conditions, but when it misses fire, or is delayed, there is trouble and the whole rhythm of the machine is thrown out of harmony.

With sound credit extension and prompt collections by retailers, the entire machinery of the nation's business will be kept going. Some day the retailer will come into his own, and then you will hear of the many failures among manufacturers and wholesalers which were averted by intelligent retail selling and prompt collections, passing the money up the line to pay old accounts and create a demand for new merchandise.

Many retailers are today extending credit for no other reason than because their competitors extend it. It has been forced upon them, and, because of a lack of knowledge, it is used as a competitive feature, and not as an economic business builder. Our responsibility is to educate these retailers, eliminating that curse of the retail trade, competition on terms, and creating a community credit policy.

There are an alarming number of retailers who think because they have a large item of accounts receivable listed in their assets, they are doing a profitable business, when, in reality, they are losing money because of the interest they pay on borrowed capital to enable them to carry these accounts.

Competition, purchasing power and store policy all regulate the "mark up" on gross profit. But good management determines the net profit, and, when twenty-five per cent to seventy-five per cent of retail business is done on credit, there is no department of the business which requires more careful management or more serious consideration. There is no getting away from the fact there is a vanishing point to profits, when merchandise is converted into accounts receivable and carried in excess of thirty days. Slow collections, or too liberal collection policy, can eat up all the profits made by wise buying. Merchandise is bought, sold and converted into cash, so the money can be used in the business, and unpaid charge accounts, running in excess of sixty days, are not alone depriving the business of available capital, but are an actual expense to carry.

The time has come when the value of accounts receivable, as a tangible asset, is based upon the rapidity of turnover, and retail credit expansion will be safe so long as turnover ratio is maintained consistent with profitable business. Encouraging sales

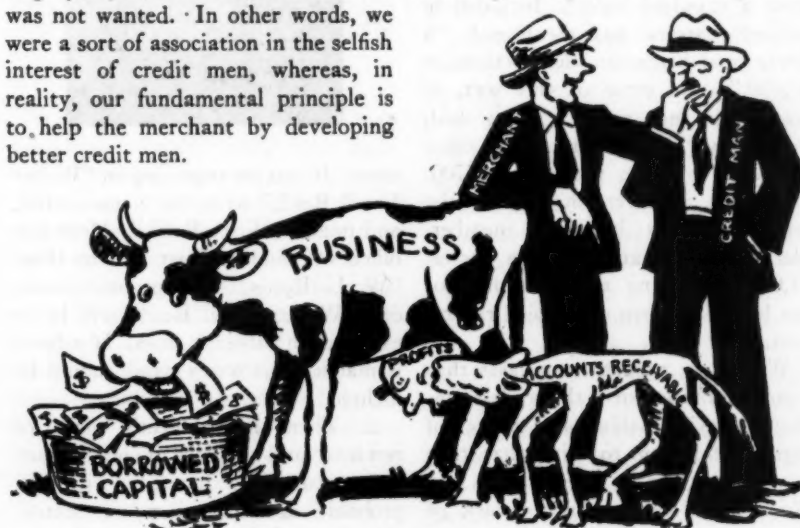
through credit keeps up production volume and business is made good. But it will be short lived unless prompt collections go hand in hand with sound credit extension.

So much for general responsibility. Now we come to the work of this convention.

There comes a time in the lives of organizations, as well as men, when they must put aside the things of a child and assume the responsibilities of manhood. I like the word "responsibility." It means something. It spells strength and wisdom, and if we are to succeed, either as individuals or collectively, we must be proud of our profession and willing to assume all the responsibilities that go with the job.

We must give serious thought to the changes in our by-laws that will be suggested at this meeting, so that our organization may take on greater responsibilities.

The name of our organization has been a handicap, because many merchants believed it indicated our membership was limited to credit men employees, and the merchant himself was not wanted. In other words, we were a sort of association in the selfish interest of credit men, whereas, in reality, our fundamental principle is to help the merchant by developing better credit men.



It's a hard job to raise a sick calf

Then, there is the masculine note in our name which is resented, and justly so, by many capable women credit managers.

The time for holding our convention has been a much discussed topic, and there appears to be logical reasons why it should be held in June, in place of August.

At Houston we created our Service Division by taking over the National Association of Mercantile Agencies,

and, for political reasons, we have endeavored to conduct this department as a separate unit from the National body.

This has not been a successful method, because it places a handicap on our united effort, confuses our responsibility, and hampers our progress as a unit. Let us, at this meeting, change our by-laws so there will be no misunderstanding as to our agency units, being one with the merchants and credit men, who make up our membership.

It is the height of folly to attempt to separate the interests of the credit manager and the credit bureau. Their work dovetails, their interests run parallel, and when we realize this we are going to build a real worth while association.

We must take definite steps to exercise some National control over organized local associations and credit bureaus, so we may build uniform practices and policies. This can be done only through a perfect tie-up of these locals with the National, through some per capita tax arrangement

whereby all local members will be National members, and live up to the policies laid down by our Board of Directors. Under our present arrangement, each local and bureau is absolutely independent of the control body, and we have no authority to require them to live up to the standards we set.

All organizations of National scope, civic, fraternal and religious, have

(Continued on page 20)

Standard Report

Delivered by CHARLES M. REED

General Manager, The Retail Credit Men's Association, Denver, Colorado, in Providence, R. I., at the National Retail Credit Association Convention.

AS MR. MARTIN of San Francisco has stated, a standard report should consist of "essential facts, concisely stated, in proper form." In Denver, we have occasion to call on associations throughout the country from time to time for reports. In the majority of cases, we find reports coming through in good order, thoroughly covering the subject of inquiry. In some instances, however, reports coming through are woefully lacking in the matter of complete data. We find, in some instances, the misspelling of names; in numerous instances we find history or antecedent information totally missing; we find evidence of lack of proper investigation on part of the reporting office, and much inaccuracy.

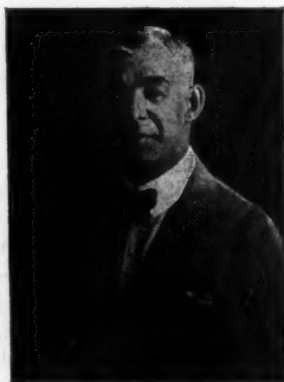
For instance, a short time ago we received what was purported to have been a standard report. Included in subject's assets was mentioned, "a fairly good Essex car, clear, valuation \$7,000." An error of this sort, of course, did not mean a great deal, because we knew the reporting office intended to value the car at \$700. Our clerk, however, in copying the report for our inquiring member, placed the valuation of the car at \$7,000, indicating that she did not use her head when she copied the report.

We find, in a great many cases, that reporting offices cover the trade situation or paying habits of a subject of inquiry and seem to think that that is about as far as they should go. We find, in some instances, lack of the proper supervision in the matter of reporting detrimental information; we find reports coming through, from time to time, containing such information as, "he is a thief and may not be trusted;" "he is a dead-beat and ought to be in jail;" "he is a drunkard, boot-legger," etc. Our opinion is that such direct statements are "loaded" and should not be used. The reporting office should have a man covering cases of this nature who is capable of conveying unfavorable information to us in such language as would cover the

situation, and, at the same time, protect all concerned from the possibility of a libel action.

We offer these suggestions as a preface to what we are about to say respecting our opinion of what a standard report should consist:

1. First, and very important, the name should be written out in full. To use initials only is sometimes dangerous, and frequently gives rise to misleading information and serious



error. If you are inquiring on "Walter Lazell Reed," write the name in full, and not as "W. L. Reed." Most any office will find at least two to three "W. L. Reeds," and probably only one "Walter Lazell Reed" will be in existence in subject's town. If subject is married, his wife's name should be included.

2. Then, the subject's place of residence and his place of employment and occupation, together with his probable age and domestic status. (Age is very important where automotive finance companies are involved.)

3. Antecedent information should be given covering subject's previous place of residence; previous place of employment; probable earnings during the past five to ten years, if obtainable; whether or not he is addicted to the moving habit, etc.

4. Following this should be comments respecting his general reputation. This information should be obtained through his employer and

neighborhood friends, if possible, and should also include legal records covering divorce, or any violation of police ordinances, particularly as regards liquor violation. The latter, we find, is highly desirable in cases where we are handling automotive finance investigations.

5. Next, we would consider subject's capacity for earning money. We should know fully as to his income, the source thereof, and his probable worth. We should know whether or not he owns property or rents; just how strong he may be financially; whether or not he is severely handicapped by reason of a large and non-productive family; if his family is extravagant; if there is a tendency to over-buy; if his wife is socially ambitious to the extent of overtaxing the family income, etc.

6. Following this general information, we should have a full report covering subject's credit transactions in the territory. As you know, the trade transaction should state the length of time an account has been on the firm's books; high credit; amount owing; due date; manner of payment, and last purchase. Some associations, at this time are, apparently, attempting to total subjects' indebtedness. We do not believe that totaling the indebtedness will add a great deal of value to the report.

7. In addition to trade experiences, records of mortgages and law suits should be listed. There should also be some mention made of the disposition of these suits and mortgages, if the same date, say, twelve months prior to the date of the revision of the report.

The following reports were copied from originals recently received, and were not considered by us as being standard reports:

Our inquiry, in one case, was on "Paul Christian Williams;" former occupation, chief clerk for the _____ Company; former residence, 1622 _____ Place. We gave three references, including one bank. The report came back as follows:

(Continued on page 27)

The President's Message— “More Power to You!”

IT IS but natural that any new regime or administration should present new problems and complications. Nothing other than time and experience can bring about understandings as between men. Each of us has peculiarities and idiosyncracies—it's a matter of temperaments and temperaments are inherent. We are born with them. Unless men appreciated this fact generally there would be no such thing as happiness or concord either in domestic or business circles. There would be chaos and disorder on all sides.

With the election of new officers and members of the board, naturally new predicaments arise. Some twenty-five or thirty men must be groomed to new responsibilities and to new associations. These associations must be nurtured if the best results are to obtain, just as the rose must be cultivated if it is to bloom to the fullness of its glorious beauty and attain its sweetest fragrance.

The whole of life is a give and take proposition. We each must inure ourselves to happiness and unhappiness, joy and sorrow, success and failure, surprise and disaster. Unless we each experienced these various sensations we would be warped and narrow—unable to rise or stoop to emergencies. Men of real caliber are not so born—they are developed. They absorb some of the evil and some of the good from their environments, and within themselves develop character as a background to accomplishment. With character comes personality, breadth, and understanding, and with these virtues and attributes comes success.

Whatever a man accepts as a responsibility he should pursue seriously. Even if he play, it should be with heart and soul. We who have been chosen to direct the affairs of the National for this year are morally obligated to render most faithful service to a sacred cause. Fifteen thousand men have placed within the board of directors and officers of this association the power of jurisdiction over its

policies and affairs, and the destiny of this association is to be affected more or less by what is accomplished favorably or negatively by these few men. Future administrations shall profit or suffer according as we pursue our assignments.

There is another angle to the situation that must be borne in mind, and that is the obligation of the individuals comprising the membership at large. Even if every officer and every member of the board did his level best, he would accomplish nothing if he were not accorded the co-operation of the members in general. However, a great deal is never requested and when a call for help is sounded, the hope is indulged that there will be a hearty and ready response. This association does not belong to the officers and directors. It does not belong to the committeemen who are giving so freely of their time and thought—it belongs to the membership and the bit that is asked of them should be gladly given.

With the amalgamation of the two divisions of the National, there have naturally been some fears and apprehension. New problems have been presented—but there is little question but that all skepticism has been allayed by this time. As a matter of fact, the entire program of the National will revolve about the Service Department this year. Every committee that has begun to function has planned on co-operation from the Service Department to a degree and extent never conceived of as possible heretofore. This is going to be a SERVICE DEPARTMENT YEAR. It will be proven that the amalgamation is a reality and not a dream. The Service Department is, body and soul, part and parcel of the National, and will create for itself this year a most wholesome respect from all who keep themselves familiarized with National Association affairs. The National cannot be successful this year if the Service Department fails to toe the mark. As a result of the implicit confidence in this element of the membership, and in consideration of the administration's firm conviction

that the Service Department is the backbone of the National, it was resolved to plan this year's activities on such a hypothesis, and afford the Service Department an opportunity to establish itself as indispensable to the nation's credit fabric.

Service members, rise to the occasion—give the association the best that is within you. Prove once and for all time that you are worthy of the best the membership at large—the credit men—can do for you, and the credit men will leave no stone upturned to reciprocate.

MORE POWER TO YOU.

Sincerely,
LEOP. L. MEYER.

CREDIT MEN WILL HAVE PART IN 1927 "MANAGEMENT WEEK" CAMPAIGN

INTEREST in the plans and program for this year's "Management Week," October 24-29, is steadily growing. To date, local organizers have been selected in 58 towns and local committees have already been formed in ten of these. The Retail Credit Men's National Association is one of the many national business men's organizations that has pledged support and co-operation to this movement.

The sponsor organizations represented in the committee are the American Society of Mechanical Engineers, Society of Industrial Engineers, Taylor Society, American Management Association, American Institute of Accountants, National Association of Purchasing Agents, National Association of Foremen, National Association of Office Managers, and the Life Office Management Association.

"Each year since 1921, when 'Management Week' was instituted by the first three societies above-named, has seen a decided increase in interest and support, the 1926 program being the most successful with its 252 meetings held in more than 100 cities, with the combined attendance of executives, business leaders, engineers and others interested in management being more

(Continued on page 30)

Retail Credit

By REGINALD S. MARTIN

Managing Director, Retailers' Credit Association of San Francisco.

The following address was broadcast over radio station KFRC by Mr. Martin at seven-thirty on the evening of April 21st.

WHAT IS CREDIT? It is one's mercantile reputation entitling one to be trusted. Another definition is—Credit is an estimate of the ability and disposition of an individual to meet his or her business obligations and engagements. It really is a *measure of confidence*, based on a promise to pay at an agreed time. Therefore, credit is an asset—prompt pay maintains it.

Most people do not realize the extent or volume of retail credit. A few years ago about 65% of retail sales were for cash and 35% on credit; now about 35% of retail sales are for cash and nearly 70% on credit. To better comprehend the volume, you are reminded that in 1926 one department store in San Francisco recorded net sales of over twenty million dollars. Figures compiled by the Controllers Congress of the National Retail Dry Goods Association indicate that in 1926 the total aggregate sales of representative department and specialty stores in the United States amounted to over six hundred million dollars. All users of retail credit should thoroughly understand and realize that credit is merely an additional service, intensively developed in this age, a service extended by merchants to make easy the purchase of articles you select.

In effect the merchant says to the customer, "TO MAKE IT CONVENIENT FOR YOU WE WILL RECORD YOUR PURCHASES FROM TIME TO TIME AND SEND YOU A STATEMENT ONLY ONCE EACH MONTH, SO YOU CAN PAY FOR ALL YOUR PURCHASES AT ONE TIME INSTEAD OF BOTHERING WHEN EACH PURCHASE IS MADE." Hence, those who enjoy the privilege of charge accounts should appreciate this added service offered by merchants, and not abuse or misuse it by making unreasonable demands or failing to comply with the definite terms extended by the merchants when the account was opened. The merchant extending credit to you is not your banker making loans to you in the form of merchandise, but offers it merely as a service, convenience and accommoda-

tion. Therefore you should not expect him to carry your account indefinitely and unreasonably long.

Just because the merchant may be indulgent by not insisting on full payment of your account each month, is no reason why you should impose on him by carelessly or intentionally per-



mitting your account to accumulate indefinitely from month to month and only make irregular payments at intervals. Your account should be "cleared," that is, *paid in full*, every month or every sixty days without fail, and not have a continuing unpaid balance dating back several months thereby making it delinquent, which is in effect asking your merchant to finance you by loaning you money to the equivalent of the merchandise purchased by you. This is an unfair practice which really results in increasing the cost of merchandise to the consumer, inasmuch as the merchant's cost of doing business is greatly increased by requiring such a large investment of capital to carry his Accounts Receivable represented by what his customers owe him. The margin of profit in modern retail merchandising with its tremendously high operating costs and overhead, including increased service features to customers, is small, goods being sold on a close margin with the anticipation of a large volume—and unless the merchant's Accounts Receivable are turned over every 30

or 60 days by paying your bills promptly and regularly, his profit disappears through such heavy carrying charges. Let us look at this from a broad economic viewpoint in a commonsense manner. Is this fair to your merchant who offers this service to you? **CERTAINLY NOT!!!!**

It may interest you to learn how this tremendous amount of credit is handled by the merchants. They maintain Credit Departments whose function it is to determine whether an applicant is a good credit risk. When you decide that you would like the privilege of a charge account at a certain store, you interview the Credit Manager, who requests certain information as to your identity, occupation, whether or not you have maintained a bank account, and whether you have previously had charge accounts at other stores. This identifying information is necessary in order that same can be verified, and so as to ascertain whether you have been paying your bills satisfactorily in the past. A commercial or savings account maintained for a considerable period of time at a bank is indicative of stability. The official Credit Bureau in San Francisco is the Retailers' Credit Association, which is a merchant-owned institution comprising over four hundred reputable retail establishments, hotels, banks and professional men who are subscribers and secure information from that central office, and whose files contain credit ratings on some 800,000 individuals in this community. It is a co-operative institution in the sense that the central files are maintained there with an interchange of information from all the stores through that office in order that retail credit grantors can all have the benefit of the information as registered there. This Credit Bureau secures information from many sources and develops confidential credit reports on the various persons who seek credit in this city. As previously stated, credit is a service and accommodation and in order to be privileged to enjoy its

(Continued on page 14)

FIFTEEN minutes every morning
—fifteen minutes every night. A
total of half-hour each selling day
is consumed by the average sales-
person . . . under the decentralized
plan . . . in checking her "bank."

This means that one-sixteenth of
every salesperson's selling efforts
are lost. You pay one salesperson
in every sixteen simply to count
money. This staggering figure does
not take into account the selling
time lost in making change.

By means of centralization—by Lamson Pneumatic
Tubes—salespeople are left free to sell. Cashiers
make change. Errors become negligible. Sales
totals jump and earnings increase. 15,000 and
more merchants advocate centralization.

THE LAMSON COMPANY
Syracuse, N. Y.

LAMSON SERVICE

Our Legal Department

Liability of an Association or Bureau on Bulletin Information and Reports

An Opinion by LAWRENCE McDANIEL
General Counsel, National Retail Credit Association

ONE of the many questions which has come up during the past year is in reference to the bulletin, circular, magazine, or information that comes to you from your association. I told you last year that, so far as the laws of the United States were concerned, if the bulletin was so wrapped or enclosed or folded when it was mailed as not to expose the name of any person mentioned on it who was delinquent in the payment of his account, it was no violation of any statute in the United States. It may be sent without violation of the law, so long as the names of those mentioned who are not entitled to credit or who are in arrears or who are posted or placed on the black list or whatever it is called, do not show.

IMPUTATION OF FAILURE TO PAY DEBTS

As respects a charge of failure to pay debts, without any imputation of insolvency, it seems to be settled that a writing containing the mere statement that a person who is not a trader or merchant, or who is engaged in any vocation wherein credit is necessary for the proper and effectual conduct of his business, owes a debt and refuses to pay, or owes a debt which is long past due, is not libelous per se, and does not render the author of such statement liable without proof of special damage. Such a statement does not in the legal sense necessarily expose the person about whom the statement is made, to public hatred, contempt or ridicule, nor does it degrade him in society, lessen him in public esteem, or lower him in the confidence of the community.

This question has arisen most frequently in those cases wherein a person's name has been placed on what is known as the "black list" or "dead-beat" list of some protective mercantile association or agency for the collection of bad debts, and it has been held that when the person's name is simply published with a statement of the amount that he owes, the publication does not constitute a libel per se, though the rule is otherwise when the

publication goes to the extent of claiming that the persons whose names are published therein as delinquent debtors are unworthy of credit and should not be given credit.

There are a number of cases holding, however, that to publish about one that he is unwilling or refuses to pay his debts is libelous per se.

(*Hartnett v. Plumbers Association*, 169 Mass. 299.)

Let us see how this works out. I want to touch on collection by telegram. We are using our telegrams as a means of communication more every day.

A libel may be published by transmission through the telegraph. The writing of a message and the delivery of it to a telegraph company for transmission to plaintiff is a publication by the writer.

(*Section 183, 36 Corpus Juris*, page 1229.)

Qualified privilege relates more particularly to private interests and comprehends communications made in good faith, without actual malice, with reasonable or probable grounds for believing them to be true, upon a subject matter in which the author of the communication has an interest, or in reference to which he has a duty, public, personal or private, either legal, judicial, political, moral or social, made to a person having a corresponding interest or duty.

(*Section 205, 36 Corpus Juris*, page 1241.)

The doctrine of qualified privilege has been applied to information furnished to members or subscribers by mutual protective associations.

(*Sec. 254, 36 Corpus Juris*, page 1267.)

Confidential communications should not be transmitted by postcard or telegram, which others may read.

(*Newell, Libel & Slander*, Page 418, Sec. 393.)

You may collect by telegram, but you must not put in a telegram anything you would not say to a man's face or over the telephone.

Here is an interesting case on the subject of what may be sent to the bulletin:

REYNOLDS V. PLUMBERS MATERIAL PROTECTIVE ASSOCIATION, 63 New York Supplement, page 303:

Defendant was an association of merchants duly incorporated for the purpose of furnishing information to its members of the standing and character of their customers. Plaintiff refused to pay his account to one of the members of the association, or to submit it to arbitration, as provided by the by-laws, and his name was entered on the books of defendant and each member of the association notified, which prohibited them from selling goods to plaintiff except for cash, until this account was settled.

HELD, that the communication was privileged, and in the absence of malice was not libelous.

Said the Court, page 305:

"A business cannot be characterized as unworthy or unlawful which aims only to give correct information to those who are members of the corporation as to the financial standing of business men and merchants who have dealt with any of its members * * * Merchants have an interest in knowing and have a right to know the character and financial standing of those who deal or propose to deal with them, and of those upon whose responsibility and standing they, in the course of their business, have occasion to rely. They may, therefore, make inquiries of merchants or other persons who may have information as to the character and financial standing of such persons, and, if merchants or other persons in good faith communicate the information which they have, the communication is privileged. It is a rule well settled that confidential communications respecting the character and financial standing of another, made to one who is interested in the communication or desires the information as a guide to himself in the conduct of his own affairs and dealings

(Continued on page 21)

Standard Price and Dispatch as Related to the Standard Report

By B. F. FERRIS

Credit Manager, Birch-Smith Furn. Co., Los Angeles, California

WE do not gather in these conventions for the sole purpose of entertainment. It is true that we desire personal contact and a good friendly relation with our fellow men, but above all of these thoughts, we come here with full knowledge of our responsibility and the obligation we are expected to discharge in relation to the Retail Credit Men's National Association.

The economic situation confronting the retail merchant has arrested the attention of able thinkers. Laboring

surrounded as it is with altogether too much confusion, and as our nation grows, it is fair to assume that this confusion will not be lessened unless we contribute some stabilizing or clarifying influence. Many reports today have little or no form, and many reports are not so written as to convey a concise idea. Men still think differently. Communities represent different conditions. Therefore, we should

necessary to make or destroy, in a sense, a report. Without a comma, what is the surname, if written George Willard? (Surname George.)

It is all but useless to speak of the necessity of disclosing the subject's history in an understandable manner. It should be obvious to every bureau manager that the subject's place of previous residence and occupation should be disclosed, covering sufficient time, and that his history pertaining to the period in which he has resided in your community and the endeavors he has undertaken, should be equally as clear. A report that does not set forth some knowledge of the subject's character, habits, and methods, can be found lacking to a degree perhaps fairly spoken of as useless, since whatever may be said of the subject's history or worth or paying habits, cannot be regarded all that it should be unless properly supported by this all-essential element.

The next division of a report is related to worth, and should be dealt with seriously; and if exact figures or a close estimate cannot be furnished, some knowledge that will enable a credit manager to deduce logically, should be included if the report is to carry weight. Merely to use a phrase that "he is possessed of some means," does not fit all conditions, therefore should be avoided. It is not difficult to carry the investigation to a point that will enable the writer to state approximately the subject's worth.

Trade is dealt with in many quarters in a manner that leaves it, perhaps, as dangerous as it is helpful. It is the opinion of some that the manner in which trade information has been handled by mercantile agencies can be pointed out as one of the immediate contributing causes of credit losses. Those agencies that are now operating with marked success set forth an abstract of the ledgers and from a sufficient number of sources, to place before the grantor of credit a concrete

(Continued on page 10)



Knocks out the "Thief of Credit"

as he is today, under pressure as the result of massed or forced production, it behooves those identified with the National organization to lay down fundamental principles to be used to guide these retail merchants collectively, not only as to communities, but as to states, and finally in a National way. We must be brought to fully realize the duty to be performed by this organization.

The thoughts I wish to express on this occasion are related to the standard report at a standard price, delivered with consistent dispatch. Reversing my subject somewhat, permit me to deal with the necessity for a standard report. It is obvious to all that there must be a state of order. We are

create and use nationally a report that would express a concise idea and be found not difficult to interpret accurately. Vague phrases must be eliminated. It may not be amiss to reiterate how essential it is to divide the report properly and deal with its divisions in such a manner as to clarify a situation or a subject, and leave the reader in a position to act intelligently.

Care should be exercised in dealing with that portion of a report designated as identification. While the age of a subject does not impress some as important, it is highly necessary, in order to meet all conditions, to know whether the subject is eighteen or eighty. It seems so difficult to cause some to understand that a comma is all that is

Standard Price and Dispatch as Related to the Standard Report

(Continued from page 9)

or absolute knowledge of the subject's methods. This treatment is final, conclusive, and has contributed more to reduce credit losses and prevent pyramiding of credit, than any other single act committed in commercial reporting, for the reason that it recites not only the subject's ability, but willingness to meet an obligation. Credit managers should not hesitate to reject reports that ambiguously refer to or deal with trade information. I should like to call your attention to those agency men who are inclined to deal with what is called preponderance of information rather than all the information.

I doubt seriously if the mercantile agency or bureau will ever render to the merchants of this country the service they are entitled to, until they educate the merchants to investigate before an account is opened, if for no other reason than to inform the agency of the quarters into which to go to obtain all the data in the community, enabling the bureau to disclose not only the customer's willingness and ability to meet payments, but reflect, at any given time, the amounts owing. When trade reporting is carried to this complete point, the retail merchants of this country are going to be given, in a truer sense, what is so often spoken of as "credit insurance." A report properly written eliminates provincialisms and stock phrases that may mean one thing to a small institution while a larger concern might interpret the same phrases altogether differently. Fifty dollars might be found a fair amount with the small institution, while with the larger five hundred dollars is but a fair amount. Recite the facts in a chronological order, or with continuity, that a common form, as well as language, may be written and spoken by all, consequently interpreted in all localities and under all conditions, alike.

As a credit manager, I am impressed with the simplicity of such an arrangement, out of which can come such a vast amount of assistance. Only when reports are so written, so standardized, and so interpreted, can they be regarded as dependable mediums of exchange of

information in relation to the extension of retail credit. Therefore, the bureau managers will not tire of a preachment designated as a standard report. They will awaken to the necessity of thoroughly understanding what is meant by such a statement, develop it to a consistent degree, and use it, so that through usage will it become established.

However broadly this report may be developed, however forceful its power of expression or ease of interpretation, much of its value must be lost if it cannot be delivered with consistent dispatch. You, as bureau men, are to ever hold in mind that speed is a prominent factor in granting retail credit. We, as bureau men and credit managers, must be keenly alert to the needs of the merchant, who has ever in mind serving the trade through moving merchandise in such a manner as to gain and hold the good-will of the buying public, as well as render to it the service it is entitled to. It may be fair to assume that we are not

ness, we can, on the other hand, carry dispatch to such a degree that value, again, is lost, and to this loss we may add confusion and eventually, through too much haste, destroy the very ends that we set out to accomplish. While we must have dispatch, we cannot disregard quality or dependability. Therefore, we bring about a rather exacting state of affairs when we demand dispatch on the one hand and quality on the other. Surely, we must have some point of beginning when balancing situations in this manner; consequently, to commence with the theory that a standard report is essential is taking the first step in a proper direction. Let us accomplish this, and then let us be ever watchful of dispatch, that it may be brought into our operations without forcing quality out.

Dispatch, as discussed herein, has to do with the exchange of information between the merchant and the local credit association. There is another phase of dispatch that has to do with communications between cities or local-



Ability to pay doesn't mean willingness to pay

transacting business with less speed, but more speed, and with this speed comes confusion, consequently economic waste.

While it is my wish to impress you with the necessity of dispatch, I must not, however, disregard that altogether important element known as quality. If it is fair to assume that a report, however valuable it may be, has detracted from its value through slow-

ities. This should be given serious attention by your body. Who is going to state definitely the proper amount of time that should elapse for the exchange of information between St. Louis, Missouri, and Savannah, Georgia? Do we find this to be two days, eight days, or ten days? Who has a plan that is well poised and balanced? There is in existence a

(Continued on page 12)

Do It Now

By LEO M. KARPELES

Chairman Membership Committee; Burger-Phillips D. G. Co., Birmingham, Ala.

THERE is no logical reason why our annual membership drive should be delayed until the end of the year, as in years gone by. We have decided to stage a campaign during the month of November, and expect to include in the membership figures all members taken in since our last fiscal period. A very strong staff of state chairmen are being selected and they will be given the utmost assistance by the National officers. The general membership is also expected to cooperate one hundred per cent during this drive, and we have made plans to distribute some valuable prizes, not only to state chairmen, but also to individuals.

MEMBERSHIP PRIZES

FIRST

State Chairman—Highest per cent increase.
(Minimum 100 members)

\$100 Silver

SECOND

State Chairman—Most new members
(Minimum 100 members)

\$100 Silver

THIRD

Bureau Secretary—Most new members
(Minimum 50 members)

\$100 Silver Chest Value

FOURTH

Individual—Most new members
(Minimum 50 members)

\$50 Watch

FIFTH

All individuals getting 25 or more new members
\$25 Loving Cup

SIXTH

All locals getting 100 or more new members
\$50 Loving Cup

No one to receive more than one prize

We admit that November is a busy month, but we also claim that it is in a busy time that things are accomplished by business people. It is to be hoped that every member will do his bit and obtain at least one new member by the end of November.

Our National organization has more to offer members now than ever before. In the first place, we have our National office working as a unit with no motive except service to our members. Secondly, we are exerting every effort to have the U. S. Department of Commerce make a survey of retail credit practices and conditions. Thirdly, we have instituted an office in our National Capital by which we expect to keep in touch with National Legislation and National conditions. Fourthly, we

have laid definite plans for research and statistical work to be compiled in our St. Louis office and circulated to all members. Fifthly, we will stage the best "Pay-Up" campaign in our history.

A good salesman can certainly find enough of value in this work to sell every retail credit grantor in America.

The following are our sales managers—or in reality state chairmen:

STATE CHAIRMEN

Alabama

Mr. T. A. Nickel, Industrial Southern Bank, Birmingham.

Arizona

Mr. D. M. Gillan, Merchants & Manufacturers Association, Phoenix.

Arkansas

Mr. W. C. Weager, Retail Credit Bureau, Fort Smith.

California

Mr. R. S. Martin, Retailers Credit Association, San Francisco.

Colorado

Mr. C. M. Reed, Retail Credit Men's Association, Denver.

Connecticut

Mr. A. C. Moreau, Credit Rating Bureau, Hartford, Conn.

Delaware

Mr. J. R. Hewitt, The Hub, Baltimore, Md.

District of Columbia

Mr. S. H. Talkes, Associated Retail Credit Men, Washington.

Florida

Mr. C. P. Younts, Frank T. Budge Co., Miami.

Idaho

Miss Florence Watson, Retail Credit Men's Association, Boise.

Illinois

Mr. R. O. Gaudlitz, Credit Rating Bureau, Springfield.

Indiana

Mr. F. E. Arnold, Muncie Credit Bureau, Muncie.

Iowa

Mr. C. H. Gimar, L. H. Kurtz Co., Des Moines.

Kansas

Mr. C. E. Waggoner, Retail Credit Men's Association, Wichita.

Kentucky

Mr. Max Weil, Max Weil & Co., Mayfield.

Louisiana

Mr. Max Frankel, Coleman E. Adler, New Orleans.

Maine

Mrs. M. O. Stewart, Credit Men's Association, Portland.

Maryland

Mr. J. R. Hewitt, The Hub, Baltimore.

Massachusetts

Mr. G. B. Allen, Credit Bureau, Springfield.

Michigan

Mr. R. V. Chaffee, Ernst Kern Co., Detroit.

Minnesota

Mr. E. H. Schlitzkus, Olmstead County Business Men's Association, Rochester.

Mississippi

Mr. C. R. Gillespie, Merchants Credit Association, Meridian.

Missouri

Mr. A. J. Kruse, Associated Retailers, St. Louis.

Montana

Mr. W. D. McCune, Missoula County Credit Association, Missoula.

Nebraska

Mr. A. T. Hupp, Associated Retailers, Omaha.

Nevada

Mr. Robert Tibbets, Vegas Credit Bureau, Las Vegas.

New Hampshire

Mr. H. Nelson Street, Credit Rating Bureau, Providence, R. I.

New Jersey

Mr. A. H. Myers, L. Bamberger & Co., Newark.

New Mexico

Mr. T. L. Gardner, Merchants Credit Association, Roswell.

New York

Mr. J. M. Connolly, Associated Retail Credit Men, New York.

North Carolina

Mr. J. G. Bickle, Merchants Association, Inc., Raleigh.

Ohio

Mr. H. O. Jones, Retail Merchants Association, Dayton.

Oklahoma

Mr. E. R. Stewart, Retailers Credit Association, Ponca City.

Oregon

Mr. J. N. Keeler, Credit Reporting Co., Portland.

Pennsylvania

Mr. J. D. Hays, Harrisburg Credit Exchange, Harrisburg.

Rhode Island

Mr. H. Nelson Street, Credit Rating Bureau, Providence.

South Carolina

Mr. R. G. Godfrey, Retail Merchants Credit Bureau, Greenville.

South Dakota

Mr. E. S. Miller, Associated Retailers, Sioux Falls.

Tennessee

Mr. O. O. Berry, J. S. Hall's Sons, Knoxville.

Texas

Mr. Robert Stern, A. Harris & Co., Dallas.

Utah

Miss M. Stewart, Merchants Rating Bureau, Ogden.

Vermont

Mr. H. Nelson Street, Credit Rating Bureau, Providence, R. I.

Virginia

Mr. W. A. Clarke, Retail Merchants Association, Richmond.

Washington

Mr. R. W. Watson, R. W. Grinnell & Co., Spokane.

Wisconsin

Mr. G. Miller, Associated Retail Credit Men, Milwaukee.

Wyoming

Mr. W. F. DeVere, Laramie County Credit Exchange, Cheyenne.

Canada

Mr. Chas. Dumas, Merchants Credit Association, Inc., Quebec.

Now, let's all get behind these men and do our share in making our membership numbers a suitable reflection of the wonderful work of our organization.

Remember! The campaign closes at midnight, November 30. So get busy NOW.

Standard Price and Dispatch as Related to the Standard Report

(Continued from page 10)

schedule called a Delinquent Schedule which, when applied, brings about much stability and a better understanding, and is essential to the proper operation of the credit department of a merchant. If an applicant for credit asks a credit manager in Los Angeles how long he must wait before antecedents can be obtained from Boston, worked into a report, and the merchandise released, the credit manager in Los Angeles can give some approximate period of time. All credit managers operating from the same schedule eliminate competition from credit in this regard, and all are found on an equal plane. It impresses me that this body of bureau men can work out a delinquent schedule that will lend much to dispatch and yet, in an economic way, save much time and confusion, as well as labor. In the city of Los Angeles, a credit manager will not harass the association for a report until after the delinquent period has passed, and in dealing with the applicant seeking credit can make statements that are approximately correct and satisfy the applicant. More than one credit manager has disturbed a good account by making statements to the applicant relative to dispatch which are of such a nature that it is physically impossible for the agency or bureau to work out.

This delinquent schedule is related to dispatch and has been found to be a rather marked stabilizing element or factor. It supplies some standard, some law of reasoning to reckon from. It is based upon the United States mail service. If greater dispatch is desired, the credit manager, having this schedule before him and dealing with a transaction of sufficient importance, may decide to use the telegraph service.

We should ever hold in mind that it is not the value of a report, however, having reference to its broadness, clarity, forcefulness, or real value, that is alone responsible for good service, but it is the manner in which it is handled not only by the bureau, but by the credit manager in relation to the customer. The thought I am trying to convey here, is that the report

is merely a vehicle or the cause for doing things, and it is the manner thereafter in which we do them, or what we do and how we do them, that also procures results. A good report, handled with consistent dispatch, is of sufficient importance to justify my standing here for this length of time, discussing these angles from the viewpoint of a credit manager. To you, it may be a rather tiresome reiteration, but, nevertheless, it is the very fundamental, I believe, on which the entire scheme of things of your organization rests or revolves about.

However important the subdivisions of my subject just discussed may be, I desire to approach the third with a great deal of caution, entertaining the desire of so impressing you that no radical change will be brought about lest more harm be worked than good accomplished. I speak now directly of a standard price. From time to time, it has been brought to my attention that some believe that the exchange rate between bureaus should be increased from the present price of 65 cents for a complete report or 35 cents for a trade clearance, to larger figures. It is held by some that this is essential and will make for the betterment of the organization as a whole, causing localities to become stronger in a financial way, consequently enable them to give better results. The state of California is unalterably opposed to any such a movement. It is looked upon as parting from a cardinal principle. It may, on the face of it, appeal to some as a very logical thing to do, but those thoroughly versed and in whom we have confidence, are inclined to the opposite opinion.

Antecedent information should be embodied in every report delivered to a credit manager. You, as bureau men, should be told that when your reports are not so developed they leave those depending upon you for guidance in an uncertain state. It might just as well be decided now as any other time that it is highly essential that we have full antecedents on every subject with whom we transact business, and I make this statement to you as a credit manager. Experience shows that when

we are not fully informed, therefore not in a position to be alert or watchful, we sustain losses. I am not going to attempt to enlarge upon this particular phase of your work, but price is related to it to the extent that as you increase the price you curb or retard the flow of this information that credit managers value so highly. It is your first duty to educate your merchants to use your service. The merchant himself should be taught to understand the value of your service. The credit manager should be taught to use the service and not have too much of an eye directed to the overhead expense of his credit office. You will break down this sales resistance only through education. You must do this if you wish to prosper. Having accomplished this end, you now must satisfy the demands that will be made upon you, and to satisfy the demands you must have at your command a flow of information. If you desire to destroy that, advance the price, and as you advance the price, the tendency to retard the volume is noticeable and has been demonstrated sufficiently often to justify the statement I have just made.

It is my wish to bring to you this thought, that mercantile agencies should not and cannot hope to live off of one another. Your source of revenue is not from another agency. It is from the merchants whom you are to serve. When you lose sight of that, you have lost your anchorage. It is inconsistent to believe you can cure some of your troubles through levying on one another an ever increasing tariff. You are working at the wrong end of the line. Communities differ as to the service they render the merchant. Therefore, one community will charge its merchants more, the other less. Rates differ as broadly as methods differ.

It is evident that in a community where a community credit policy is in force, the usage is much greater, consequently the cost of operating is lower. Bureau managers should come to understand that they are to be paid for what they do, by the merchants they serve and in proportion to the service rendered.

It does not seem consistent to me, as one who has had considerable experience with agency work as well as my own line of business, for the bureau managers to make a concerted move-

(Continued on page 26)

“Do Your Records Talk or Just Mumble?”

“Mine talk—and tell me a lot of things that make me a more efficient man.”

Johnson, a visiting credit manager, was speaking to Reynolds, who controlled the store's credit department.

“My records tell me exactly what I want to know when I want to know it. I don't have balled-up accounts any more—or irate customers. And my collections are improved.”

* * * *

Credit men all over the United States are finding Irving-Pitt “Records That Talk” a genuine aid to efficiency.

Irving-Pitt records are *specialized* for every business, every profession. They provide only for the

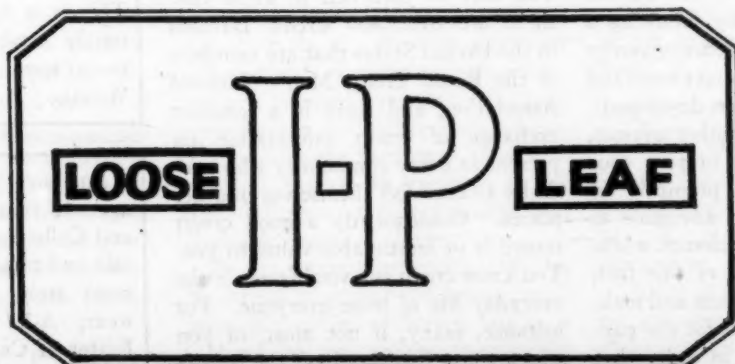


necessary transactions of a business—and eliminate all “red-tape.” Their simplicity insures speed, accuracy and a tremendous saving of time and labor.

To assist you in the selection of loose-leaf equipment, our practical accounting men have just prepared a new catalog-manual, “Worth Keeping—Records That Talk.” It is a valuable reference book for credit men—prescribing the correct forms for every purpose.

We will gladly send you this book *free*. Write today requesting a copy. It will be a useful addition to your library.

IRVING-PITT MANUFACTURING CO.
Chicago KANSAS CITY New York



Retail Credit

(Continued from page 6)

advantages and benefits it is necessary that one be established in this community. Therefore, no offense should be taken when confidential inquiries are made either by the stores or by the Credit Bureau in an effort to determine the responsibility and character of the persons under inquiry who desire to establish charge accounts. Applications for charge accounts are

injured. I repeat that your credit standing is a valuable asset and should be maintained by prompt pay and adherence to credit terms of merchants where you carry your accounts. Your credit reflects your character and reputation and follows you wherever you may go. For instance, if you move to Los Angeles, or almost any other community in the United States, it certainly should be gratifying and a matter of pride if you can refer to a



A mirror of character—or lack of it

made in such large numbers that they must be handled by the Credit Bureau in a uniform manner by following a certain routine when references given by applicants for credit are interviewed and various other information developed.

If, because of illness or other reverses, you have been unable to pay your various retail bills as promptly as customary, it is always advisable to frankly inform the merchants where you may have accounts of this fact, explaining the circumstances and making definite arrangements for the payment of your accounts in order that your credit standing will not be in-

jured. I repeat that your credit standing is a valuable asset and should be maintained by prompt pay and adherence to credit terms of merchants where you carry your accounts. Your credit reflects your character and reputation and follows you wherever you may go. For instance, if you move to Los Angeles, or almost any other community in the United States, it certainly should be gratifying and a matter of pride if you can refer to a

good credit record in San Francisco. You may be surprised to know that there are over 800 Credit Bureaus in the United States that are members of the Retail Credit Men's National Association, and there is a constant exchange of credit information on persons in every community who may desire to establish themselves in other places. Consequently a good credit record is of inestimable value to you. You know credit is a vital factor in the everyday life of most everyone. For instance, many, if not most, of you who are now listening have the benefit and pleasure of using radios probably

because you were able to purchase them on credit.

Think of the many necessities, conveniences and even luxuries now available for your use and enjoyment because of this great privilege known as "Credit," first used centuries ago but developed in recent years to the point where it is a vehicle permitting people to raise their standard of living, due to the opportunity of having the use of merchandise before it is fully paid for.

Do not overbuy beyond your capacity to pay—that is an abuse of credit.

A plea is made for the merchant. Show your appreciation of the credit privilege by paying your account promptly and regularly in accordance with his terms, so that your account can be profitably carried, otherwise the merchant cannot be blamed if he is obliged to withdraw your credit privilege.

Remember, when you carry a charge account you virtually enter into a contract to abide by the merchant's credit terms. Unless this contract is based on honesty evidenced by your conscientious compliance with your agreement when opening the account, there can be no legitimate business transactions, which consequently results in loss to the merchant.

If you honestly appreciate your charge accounts you will faithfully observe the requirements as to payment which will enable the merchant to profitably carry your account. Don't forget—your credit reflects your character and reputation, following you wherever you go.

Credit is an asset—prompt pay maintains it.

CREDIT RATING BUREAU FOR SALE: Privately owned, in central Illinois. Well established, in good condition, with bright outlook ahead. This is a fine opportunity. Also partly established bureau in adjacent town. Address Box V, CREDIT WORLD.

POSITION WANTED: Credit Manager. 15 years' experience in Credit and Collection Department, wholesale and retail. 10 years in department store and ladies' ready-to-wear; A-1 references. Address Editor of CREDIT WORLD, Box R, 606 Equitable Bldg., St. Louis, Mo.

National Office Items

CONFER IN CHICAGO WITH FINANCE COMPANIES

Mr. D. J. Woodlock, Mr. G. H. Hulse, Mr. S. H. Talks and Mr. A. B. Sanders called on Mr. C. C. Hanch, secretary of the National Association of Finance Companies, to perfect plans for securing the finance reporting business of the nation for our members of the Service Department. The details of the plans are not yet complete, but from the disclosures and arrangements started at this meeting, it will unquestionably be only a short time until our Service Department members will be securing a vast amount of finance company reporting business. Complete details of the plan will be published in the near future.

EXECUTIVE AND FINANCE COMMITTEE MEETING HELD IN ST. LOUIS

President Meyer called a meeting of the Executive and Finance Committees in St. Louis over Labor Day, and the following officers and directors were present:

President Leop. L. Meyer, First Vice-President James R. Hewitt, Second Vice-President Milton J. Solon, E. B. Heller, Col. Franklin Blackstone, F. E. Willis, L. M. Karpeles, J. M. Connolly and Stephen H. Talks. Mr. Talks was holding the proxy of Frank E. Parker.

At this meeting plans were outlined for the coming year's activities and the budget was prepared for proportioning expenditure.

One of the main items of business was the election of a secretary, and the board unanimously elected our former field secretary, Mr. Guy H. Hulse. His selection as secretary in charge of the Service Department was made on merit and qualifications entirely. Mr. Hulse having a wonderful record in lecturing, organizing and spreading the gospel of good credits during the past year, proves beyond a question of a doubt his ability as a leader. His previous experience as a merchant and bureau manager made him exceptionally well qualified to handle the Service Department.

Another of the major issues handled at this meeting was the consolidation

of the Bureau Department of the National with the Credit Grantors Department, the whole organization being placed in direct charge of and under the direct supervision of our Manager-Treasurer, Mr. David J. Woodlock.

The plans and policies outlined by the committee meeting, which will be put into practice under the able leadership of our manager-treasurer, assures our entire membership of phenomenal accomplishments by the time we meet again in the "Heart of America," Kansas City, June 19 to 22, 1928.

SAN JOSE ORGANIZES AFFILIATED LOCAL OF THE NATIONAL

R. R. Thode, of San Jose, in organizing his local Retail Credit Men's Association, certainly started his organization off with a boom. He had a large banquet, broadcast his program over the radio, and from the reports we received from his members, the meeting was the most enthusiastic educational, and all in all most beneficial meeting that has ever been held in San Jose. We are glad to know that San Jose is well under way and we can look for and expect some exceptional results in that territory, Mr. Thode leading that unit.

HULSE STARTS LECTURE TOUR

Our new secretary, Mr. Guy H. Hulse, has been assigned the duties of educational director of this association. This will be his major activities, as he has practically completed an itinerary which begins October 10th in Cincinnati. From there he will visit on an average of five cities a week to address group meetings for the purpose of educating the merchant to the value and necessity of complete and wholehearted co-operation with his local credit bureau and the National association, and for the purpose of helping to establish the credit situation in the United States on as economical and profitable basis as possible.

We are receiving requests daily for Mr. Hulse to appear and lecture in all parts of the United States, but as it is impossible for one man to cover the entire United States, we are forced to

decline many of these invitations, which is greatly regretted by the National office. Nothing would please us more than to be able to have Mr. Hulse answer each and every request for lecturing engagements, but some day we hope to have a sufficient number of lecturers to accommodate our members. In the meantime, we ask you to be patient, as Mr. Hulse is covering as much territory as possible and will get around to your community in due time.

WOODLOCK GOES TO WASHINGTON TO CONFER ON STATISTICS APPROPRIATION

Our Manager-Treasurer, Mr. D. J. Woodlock, was called to Washington by General Lord, Dr. Kline and Dr. Surface for the purpose of consulting with them about the request made by this organization of the government to make an appropriation so that the Department of Commerce might make an intelligent and exhaustive study of credits and collections. The purpose of this study is to aid the merchants in operating their credit department more economically and thereby reduce overhead expense and pass this saving on to the consumer.

The outcome of the conference has not as yet been made public by the officials at Washington. They were, however, very much interested and very attentive to the proposition, and their attention and courtesy belied the rumor that to secure the attention of the Government you must play politics.

Vice-President J. R. Hewitt, of Baltimore, Director Steve Talks, of Washington, and R. Preston Shealey, counsel, appeared with Mr. Woodlock at the hearing held in the Treasury Building.

POINDEXTER CAPITALIZED MEMBERSHIP

The following paragraph quoted from a letter to Mr. Woodlock from Mr. R. H. Poindexter, is self-explanatory:

"Here recently I had an occasion to get some information that was absolutely foreign to credits, but every

(Continued on page 25)

Rosenbaum & Company National O. K. Crg



The authorizers' control boards are located in the credit office of Rosenbaum & Company where all records are easily accessible. This speeds up the handling of authorizations and provides greatly increased protection for the store.

THE NATIONAL CASHE

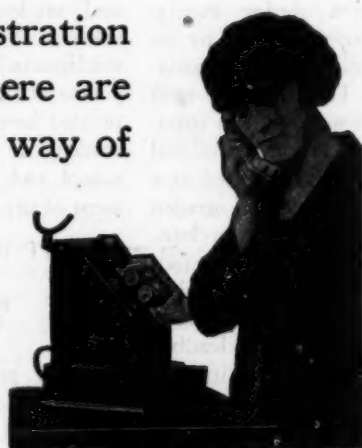
ny installs latest type Charge Phone system

RROSENBAUM & COMPANY, Pittsburgh department store, have just completed the installation of the newest type National O. K. Charge Phone system. This new equipment consisting of 120 stations puts this progressive store in a position to give its customers the very best service on charge sales.

Rosenbaum's will find the speed and accuracy of this system an important factor in handling Christmas crowds. The credit office will have complete control of every transaction which means protection for the store and better service for the customer.

This installation is another illustration of the fact that stores everywhere are changing to this new and better way of authorizing charges.

With the National Charge Phone system each department is in direct communication with the credit office. The salesperson simply steps to the charge phone, presses a button and the connection is established.



REGISTER COMPANY DAYTON, OHIO

Washington High School Essay Contest

THE Associated Retail Credit Men appropriated one hundred dollars in gold to be used as prizes in conducting an essay contest in Washington during the current year as a part of the regular work in credit education. It was decided to restrict this contest to school children, as the training of the young mind was considered paramount to conversion of thought of the adult seeker of credit.

An outline of the proposed contest was presented to an assistant superintendent of the public schools and after several conferences a decision was reached that fourteen prizes, to be divided among seven senior high schools, be placed in competition. In each case a first prize of ten dollars and a second of five dollars was distributed, regardless of color.

Five white and two colored schools participated. The contest was held only for students in economics or business administration in each school and it was agreed that a committee of principals and teachers would conduct the contest, the association acting in an advisory capacity only. Plans were drawn and an outline made of regular classes and lectures to be held on pertinent subjects to the main topic, "Character as a Basis for Credit."

After instruction during regular school periods, supplemented by an address by the secretary of the association, Stephen H. Talkes, before each class, the students were given a stipulated time to hand in the completed work. Each essay was submitted as a part of the school work and graded accordingly; therefore, fourteen hundred compositions were placed before the judges. In each school the teacher in charge of the particular class judged the essays, submitting the leading ones to the principal, who, with the advice of a committee, selected the first and second prize winners.

During the contest, two hundred school children visited the association offices, inspected the same and listened to a short lecture on the operation of a credit bureau and the relation of character to credit.

Upon certification of the prize winners to the secretary, plans were made for the formal presentation of the awards.

In each school assembly for the award of scholarships, citations, athletic letters, or special prizes, the president of the association, John W. Tallentire, presented the two prize winners with tokens of their victory.

It is interesting to note that a contest conducted along these lines must be authorized by the Board of Education and we quote herewith from a letter addressed to Secretary Talkes, signed by the secretary of the Washington school system: "The Board, of course, was highly gratified at this proposition and accepted the same with the direction that you have the sincere thanks of the Board. At the same time the appointment of a committee was authorized to plan details and for direction of the undertaking you have initiated."

We feel that the name of the organization was brought before approximately five thousand students and parents, in addition to the press publicity received. Several thousand residents of this city thought of the relation of character to credit during the life of the contest, and the indirect results from such a contest will never be known.

You will also note that no distinction was made in conducting this contest, and students of the colored high schools shared equally with white students in competing for the awards.

One of the winning essays, which is printed herewith, was submitted by a student at our largest senior high school and shows splendid development of the subject.

CREDIT WITH CHARACTER AS ITS BASIS

By HENRY LERCH
Central High School
Washington, D. C.

In the progressive atmosphere of our present-day civilization when science and invention are uprooting many old and well established principles, it is a difficult problem to discover a subject which has remained unchanged, but credit with character as its basis is in this class. At a mere glance, these two appear to go hand in hand, co-equal; however, any study soon discloses that character may exist without credit, but credit cannot

stand unless backed by character. Character, then, is the rock foundation upon which the great structure credit is built.

Before further discussion, a detailed definition of credit is necessary. According to Wall, "Credit is the power to secure the present transfer of the ownership of wealth, expressed or measured in dollars or other monetary standard, by a promise of a buyer to pay an equivalent in the future time, based on the confidence of the seller in the ability and willingness of the buyer to meet the obligation promptly."

Credit was probably established and used by primitive man but the first record of its practical use is by the Lombards in the Thirteenth Century. Since then it has grown with rapid strides until, at present, much of the wealth of the world is, in some way, tied up in the intricate methods of national and international credit systems. There are many different stages of development of credit; first, between individuals, then between companies and business enterprises; next, between communities and states, and finally between nations. Today, the leading men of the great nations of the world are working out more and more complicated procedures which in the future will solve the problems of international credit.

Thus, as is readily seen, credit plays an important role in the business affairs of the world; indeed, it appears to open the door to success. Let us see what is essential for the establishment of sound business credit.

Overtowering everything else, stands character—this is fundamental—basic. Character is what we really are, not what people or communities think we are. One writer says, "Character is the sum of inherited and acquired qualities which distinguish one person from another."

The first step in appraising a man's business credit by a credit agency such as Bradstreet is to determine his character by considering his six essential traits: namely, his manners, morals, associations, tendency towards extravagance, good business associates,

(Continued on page 24)

Educational Committee Plans Prompt Payment Campaign Year Round

By MILTON J. SOLON, The Dayton Co., Minneapolis, Minn.
Chairman, Educational Committee, National Retail Credit Association.

WHEN President Meyer asked me what branch of the association work I was most interested in my answer was, "Prompt Payment Publicity." Consequently, there was nothing for Mr. Meyer to do but appoint me chairman of the Educational Committee which has this work in charge. No sooner had I gotten into this than I began to realize the vast possibilities.

For two years past the association has conducted a National Pay Your Bills Promptly week. Mr. Meyer, as head of this committee, really deserves a great deal of credit for the most excellent campaign which his committee arranged during the past two years. His work has resulted in suggesting to many communities the benefits that can be derived through educational publicity of this character. In other words, he has sown the seed and it is now up to us to reap the harvest.

Everyone should have ideals to shoot at. We would like to see a publicity campaign started in every city and town in the United States and Canada. We shall not feel badly if we do not accomplish this in one year, but we shall feel remiss in our duty if we have not laid before every local association a concise plan for starting and maintaining a Prompt Payment educational series.

I have always known that there was a great deal of interest manifest in this publicity work because of the large number of inquiries that we have received in Minneapolis from associations and merchants throughout the country. There are already many prompt payment campaigns in progress but the number would be multiplied a hundred-fold if the credit men and merchants of the country were aware that here is an opportunity to increase collection turnover which automatically reduces losses and, therefore, bills a more profitable credit volume. There is no better proof of these statements than the comparison of collection per-

centages in the cities that have maintained prompt-pay campaigns for any length of time with those that have not done so.

I think it is a fact that the majority of consumers do not pay promptly, not because they are dishonest or indifferent, but because of ignorance. It is really surprising how many customers in this day and age do not know that the retail store expects payment of the account in full during the month following purchase. It would be equally interesting to credit managers to know how many of their customers are unaware of the system of exchange of credit information, the workings of the credit bureau, etc. A permanent educational campaign in your city will cover all of these points and more.

A prompt-payment campaign has a tendency to popularize paying promptly. It is only a few years ago when the well-to-do class and social elite had the idea that as long as they were good and the store knew it, there was no real necessity for paying bills. I believe that this condition still exists in many of our localities, though I am glad to say that such is not the case in my own city.

The committee is at present engaged in using a questionnaire which is being sent to 900 association secretaries and bureau managers throughout the country. This covers all of our locals, and if the secretaries are good enough to co-operate with us by giving the information asked for, we will then be in a position to take up the matter of a prompt-payment campaign with each local association direct. The committee is at present handicapped by incomplete knowledge of what has been done along this line and the questionnaire is, therefore, very important to our activities. If the replies are delayed or incomplete we will be seriously handicapped. I, therefore, urge each and every member of the National Association to get behind this

movement and hope that you will become enthusiastic about it.

One of the features that the committee has under way is the preparation of a complete series of discussions which will be suitable for any locality, and need only be signed by the local credit association.

These will be at your disposal at very small cost, if any.

The committee's operations will be further explained in the next issue of the CREDIT WORLD.

QUESTIONS TO THINK OVER

(Taken from *The Louisiana Grocer*)

1. When a cash customer asks for credit, does it indicate that he no longer has the cash to pay?
2. For how long a time should credit be given the average customer?
3. Do charge accounts tempt customers to buy more than they should?
4. What items of information about a person who asks for credit should be obtained?
5. Do credit customers get better service than cash customers?
6. If the grocer has to pay interest on his loans, why should he not charge interest on his customers' accounts?
7. Including bad debts, losses, how much on the dollar of sales does credit service cost?
8. Is dishonesty or bad management of family finances the explanation for most bad debts?
9. Is a written application for credit worth while in the average grocery store?
10. What things do you think of when deciding on whether or not to grant credit?
11. Does it help in keeping down bad bills to try to impress upon the customer, when first granting credit, the necessity for paying his bills when due?
12. Is the grocer giving a favor when he gives credit?
13. How long after a bill is mailed or delivered before the subject of the unpaid bill should be called to the customer's attention?
14. Can credit be granted in such a way as to offend a customer?
15. Are women more likely to give misleading information when seeking credit than men?
16. Is membership in a local credit information exchange or bureau worth while?
17. Do credit customers often question the correctness or accuracy of their bills?
18. Do most customers check their bills?
19. Are errors in sales tags common? How can they be prevented?
20. Can credit service help build sales through increasing confidence in the store?

Our Responsibilities

(Continued from page 3)

local chapters, lodges, councils, etc., and maintain their national offices through per capita assessment.

It is just as unfair for the small merchant to refuse to contribute his part toward the support of the National, as it would be for him to refuse to pay his taxes to the government.

After the years I have spent in this work, I have reached the conclusion that the credit bureau of each community should be the central clearing house for all credit information in the community, and the merchants should be organized into a local, one hundred per cent National in membership, and each bureau should become the local headquarters.

Such an arrangement, with a general working policy laid down by one National Board of Directors, and with supervision and co-operation from National headquarters, will, I am certain, build for increased efficiency and standardized methods, cause the hundreds of credit bureaus which are not functioning properly, because of lack of proper financing, to become properly financed, eliminate entirely the direct inquiry, create a community and National credit policy.

I appeal for your earnest consideration of the proposed changes in our by-laws. Let us, here in Providence, at our fifteenth annual convention, place all departments and all units of our National organization under one Board of Directors, with one purpose in view, one glory for all in our accomplishments, and one grave for our defeats.

I regard these things as being of paramount importance.

Would I could bring home to each of you how important your work is. How responsible your position. You not alone safeguard accounts receivable of your individual firms, but you make possible, through increased selling, prosperity for all lines of business. You teach thrift to the individuals and promote the prompt payment of accounts. When you visualize this work and key yourselves to meet this responsibility, there will be no goal too distant but what you can obtain. No task too hard but what you can master, and no obstacle too great

for you to overcome. We will go onward and upward as individuals and as an organization.

That is what we are here for today, at this meeting. We have come miles



As far as he can safely carry it and miles to this meeting, so we might sit in and exchange thoughts and build

for the general good of all; build for ourselves individually, making each one of us bigger and better credit men; build for the firms we represent, because we will go back bigger and better credit men, be able to handle our job better, and aspire to the higher things which the founders of this association have laid down.

Time flies, the world moves on, and unless you progress with it, you are going to be left by the wayside. Changing conditions have brought a demand for professional credit men, and that is what we are here for today, and that is what your National Association calls these conventions for and brings you together in these meetings for.

I hope you will succeed and attend each session, and go home with some new ideas and some new thoughts. I thank you.

CREDIT MANAGER desires to change position. Six years' experience, furniture installment accounts. Now employed at large furniture house in New England city. Best of references furnished. Address: Editor of CREDIT WORLD, Box M, 606 Equitable Bldg., St. Louis, Mo.

National Retail Credit Association Conferences for Which Arrangements Have Been Made

MID-WEST—NEBRASKA, KANSAS, WESTERN IOWA, WESTERN MISSOURI, SO. DAKOTA, OKLAHOMA, OMAHA, NEBR., NOVEMBER 14-15, 1927

TRI-STATE—OHIO, INDIANA, MICHIGAN CLEVELAND, OHIO, FEBRUARY 13-14, 1928

NORTH CENTRAL—MINN., N. D., S. D. ROCHESTER, MINN., FEBRUARY 20-21, 1928

SOUTHERN—KY., TENN., ARK., MISS., ALA., GA., LA. MEMPHIS, TENN., MARCH 19-20, 1928

NORTHWEST—WASHINGTON, OREGON, IDAHO TACOMA, WASH., MAY 7-8, 1928

TEXAS WICHITA FALLS, TEXAS, MAY, 1928

Our Legal Department

(Continued from page 8)

with another, are privileged and are not actionable unless there be proof of express malice.

"Ormsby v. Douglass, 37 N. Y. 477.

**** To entitle the plaintiff to recover, therefore, he must show the publication was both false and malicious."

The Court held that plaintiff could not recover in this case.

Another interesting case:

PUTNAL V. INMAN, 80 Southern, 316 (Florida) 1918.

W. E. Inman sued J. A. Putnal in the Circuit Court of Taylor County for libel. The case was tried on agreed statement of facts, and judgment rendered for the plaintiff and the defendant took a writ of error to this Court.

The defendant was a member of the Perry Merchants' Protective Association, composed of a number of the merchants of the town of Perry, having a constitution and by-laws. The purpose of the association as set out in its constitution was the protection of its members from loss by reason of extension of credit to those unworthy of trust.

Defendant presented plaintiff with a bill for \$14.00, which he claimed he did not owe; subsequently, defendant Inman reported Putnal's name to the Association. The association sent to its members a list containing the name of Putnal and stating therein that Putnal was in default in an account with Inman.

In the list the association had entered after Putnal's name the statement that Putnal "was a person who was inclined to live upon the confidence that merchants had in humanity, and not worthy of such credit, and would obtain several months' credit from the merchants by trading with one merchant awhile and then with another until he had completed the round."

Said the Court, page 318:

"The matter of extending credit is a large part of modern business, and merchants have the right to organize for their own protection and agree to report to each other the name of a person to whom credit has been extended and who has failed to pay his account, and agree that they will not

extend credit to such person without assuming his indebtedness."

And, at page 319:

"In order that merchants may prudently do a credit business, it is expedient for them to know those in the community who meet their obligations, and those who do not, and they have the right to organize and enter into mutual agreements for the purpose of giving each other the benefit of their knowledge on these subjects, and a communication made by a member of the association to the other members is privileged if made in good faith and in such a manner and on such an occasion as to properly serve the purpose of the association."

Accordingly, the judgment was reversed, and judgment rendered in favor of defendant, W. E. Inman.

Here is another case, which shows what is meant by not being made in good faith or with malice, showing the exception to the rule. This was an action for libel.

TURNER V. BRIEN, 167 Northwestern, 584 (Iowa, 1918).

Plaintiff was a laboring man. Defendant ran a grocery store. During the years 1914 and 1915 Turner became indebted to Brien for groceries, and appears to have been not able or not willing to pay. Thereupon Brien refused Turner further credit, and plaintiff went elsewhere for his groceries. Turner claimed that his failure to pay was due to the fact that the defendant had overcharged him, and was insisting upon \$20.00, when, in fact, but \$14.00 was due. He offered to pay \$16.00 but refused to pay the \$20.00. Brien, however, insisted on his \$20.00. While the controversy was on, the defendant caused to be published in a certain trust book or credit company list, a statement of Turner that he was indebted to Brien in the sum of \$20.00; that Brien would not extend further credit to Turner; and would in the future require cash. This appeared in a cipher or code, the key to which was had by the members of the trust book or credit association. This list or book was used by the retail merchants in the community, of whom Turner might request credit.

It further appears that after the above listing, Turner paid \$16.00 in

full settlement, in January, 1916; the publication still appeared, however.

Plaintiff claimed that after these publications were made he was refused credit by various merchants, and that plaintiff was deprived of public confidence; that after the publication he applied to several firms for credit, but was refused.

The case was tried in the lower court and plaintiff recovered judgment for \$75.00. Defendant appealed.

Said the Court, page 586:

"The jury could well find the thought conveyed and intended to be conveyed was that the plaintiff was not worthy of credit. It was a warning to the public not to trust him. Such warnings usually and ordinarily have the effect of depriving one of public confidence and esteem. In ascertaining the thought conveyed by this publication **** the jury could well find that, while the credit company published the information for the good of its patrons, *this was not the purpose of defendant.*

The purpose was to expose plaintiff to contempt, and to deprive him of the confidence and esteem of the public and to affect his credit standing among the retail business men of Des Moines. **** The words are actionable per se. Damages are presumed."

Accordingly the judgment was affirmed.

There is no reason to put in the amount at all. Where there is a dispute, the amount shouldn't be put in at all. So when somebody pays you take his name off the list. See to that right away. Let the bulletin read as of the day you made the check. Then there will be no question in reference to publishing an account as delinquent after the account has been paid. Put that proviso in there, that this list is published as of a certain date.

THOMAS McDONALD V. HILDEGARD L. LEE, 92 Atlantic, 135 (Pennsylvania, July 1, 1914).

This was an action for libel.

It appears that a number of physicians in Carlisle determined to prepare for their own use a list of names of patients who were slow pay for medical services rendered them. The information was for the benefit only of the members of the medical association, and there was no understanding between them that professional services

(Continued on page 30)

Skippers Club

By W. G. HILLS

Associate Manager, Retail Merchants Association, Columbus, Ohio.

THE Skippers Club, of Columbus, Ohio, is the medium through which credit grantors locate many new addresses of skip accounts. The Skippers Club, which meets each month, functions as a part of the centralized credit bureau which is merchant-owned. Since its inception two years ago, the club has grown from an attendance of 10 rather disinterested credit managers to a membership of over 50 very enthusiastic credit men representing many lines of business.

The main object of the club is to locate lost accounts through the exchange of information in round table discussion. Not a small part of the club's activities is the medium which it furnishes for retail credit men of the city to become personally acquainted with each other. This has eliminated petty jealousy and competition which had previously tended to build a barrier between credit grantors. The monthly meetings of the club have largely eradicated these inimical factors, and now an atmosphere of "I will help you if I can" exists.

The 15th of each month is the deadline set by the Retail Merchants Credit Bureau for each member of the club to send in his list of "skips" or lost debtors. A composite of these lists is then alphabetized and taken through the files of the credit bureau for later addresses.

The post office checks it. Each member of the club receives a mimeograph copy which he checks over also for later addresses he may have. The member brings his revised list to a dinner meeting the last Tuesday of the month.

After dinner the members settle down to business. The chairman calls out the names found on the list. Any member may interrupt to give a later address or any antecedent information which might be helpful to the creditor desiring the address.

As many as 700 skips have been reported in one month. The average size of the "Skip List," however, is between four and five hundred names. The average number of new addresses

obtained is 31%. The average skip account exceeds \$35.00.

A hypothetical case based on the above averages would show a result something like this: 31% of 450 skips is 140 new addresses. The account of each of these debtors located, we will say, averages \$35.00. The total worth of the accounts located would amount to \$4,900.00. There is no cost of membership in the club; this service is rendered as a part of the regular work of the Retail Merchants Credit Bureau.

The value of the club to the credit manager is apparent. It brings to his files once each month a mass of derogatory information which is most valuable, and it can be obtained in no other way. It quickly creates in the community the wholesome impression

that legitimate accounts cannot be dodged.

The Skippers Club idea is just as applicable to a town of 2000 as to a city of 500,000. The first factor to consider in organizing a "Skip Club" is to instill a spirit of co-operation among credit grantors of the community; then a most happy result may be expected.

The Credit Bureau stands the expense of issuing the "Skip List" but feels fully compensated in that it secures much antecedent information and many new addresses for its credit files, simultaneously creating a feeling of harmony among all credit grantors

EASY PAYMENTS

By JESSE O. BUNN
Denver, Colo.

The wolf is howling at my door,
For, like the foolish son of yore,
My birthright and my last red cent,
With cold installments I've spent.

I paid a hundred berries down
To own the finest coat in town—
I made each payment when 'twas due,
And after seven years was through.

Alas, however, I was dumb
And grew a bunion on my thumb,
From counting out my precious jack
To pay on other bric-a-brac.

I bought a handsome music-box,
A bunch of wild-cat oil stocks,
A phony ring, an antique chair
And tons of woolly underwear.

As squirrels nested in my dome,
I put a mortgage on my home
To pay down on a speedy car—
Ah, woe is me; the end's not far.

The sheriff now is taking stock,
To put my chattels on the block—
My payments all, are in arrears—
I've skidded to the Vale of Tears.

Upon the stone, 'neath which I'll rest,
When Time has said, "Young man, go
West,"
These simple words will volumes tell,
"He Bought Not Wisely, But Too
Well."

Ready for Delivery!

"Credit Bureau Management"

The first and only textbook on this vital phase of retail credit granting.

An Encyclopedia of Bureau Information, thoroughly indexed, three hundred pages, eighteen chapters. Replete with illustrations and forms.

The merchant, the credit man, will find that this text will give them a thorough understanding of credit bureau operations.

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Copy for one new letter to develop new charge accounts and one new letter to revive inactive accounts, every month.

COPY FOR SIX NEW COLLECTION LETTERS EVERY THREE MONTHS.

Judge it for yourself!

The service was started in April and six issues have been published. We'll send the six issues and our bill for \$20.00 for one year's subscription beginning with April, 1927, issue. If, after five days' examination, you're not satisfied, return the service and we'll cancel our bill.

There are only a few of the first issues left—so "first come, first served."

BETTER LETTERS SERVICE National Retail Credit Association

Equitable Bldg.



Saint Louis

Washington High School Essay Contest

(Continued from page 18)

and, most important, personal honesty. These six essentials, when possessed by one man, make up a good business character.

The second, but still important, fundamental of good credit is capacity or the business risk. By capacity we mean a man's capability and his business methods. The third, and remaining essential of business credit is capital, which is the property risk in an undertaking. This is essential in any business enterprise, for we must have the means with which to start a business and the resources which may be called to use in time of need.

These three C's, character, capacity, and capital, are all important, but the greatest of these is character, for it is only with good character that the other two may be achieved. William Post has said, "Character counts for more than gift or talent or training more than a written pledge or a bond with seal affixed. It is deep-rooted—integrity—close kin to honor—the moral quality which stands for honest in all transactions." With this in mind, it is readily seen that with this one asset, character, capital might be secured and capacity developed. Again, capital, unless backed by character, meets with serious restrictions, for this type of man is not desired by the big business men.

Credit may be for one of two different purposes, namely, sale or loan.

In connection with a sale, character is of less importance, as the article sold acts as a security and can, therefore, always be reclaimed. On the contrary, in connection with any loan, the character of the person to whom the loan is made is of major importance. Here, there is a greater risk on the part of the creditor, as the moral obligation to pay is the only security. There is little cause for wonder, then, why the bankers and business men rely so heavily upon the well established credit agencies which are their only source of information when credit is asked.

The real purpose of every student who knows that credit is fundamental and how it is obtained should be to establish a clean record of honor in his early years, thus becoming prepared in later life with honesty and integrity. A pupil upon leaving high school and entering the business world, as many students must do, has only his scholastic record open to a credit agency. If, when the credit man interviews the pupil's teachers, he finds a record of this class, he will probably extend to him a certain amount of credit, based on his reputation. But this will not suffice long; soon, he must show his honesty by his dealings in the business world. This will be done if he has the character, high efficiency, and lives up to his scholastic reputation which is really the seed from which

our business character is going to grow.

Another proof that character is the foundation of good credit is revealed by a glance at the bank officials of a community, whether large or small. Here are found the names of those men only whose records may be searched by depositors and investors and found flawless. Positions of trust of this kind are not offered to men of any other type, as the reputation of the institution itself is appraised by the character of these officials.

The final proof of this great basic principle is found in our credit as a nation. Once more we are indebted to the men of '76 for this inheritance, for it was under Alexander Hamilton's master hand that our banking system was founded and our national credit established. Though it has been through many storms, it stands first in the world today, even after the strain of the great World War. This is, of course, due to the character of our leaders, which, in such large credit accounts as among nations, is one of the predominating factors. When we realize that more than 95% of the commerce between Great Britain and the United States is carried on through credit, we see how essential it is to have a man of high character at the head of our nation.

As young as our nation is, it has first place among the leaders, mainly because we have honest, upright leaders whose character and honor has given us a national credit that is envied by all the world.

Five Things Every Retail Credit Bureau Manager Should Do to Succeed

D. J. WOODLOCK

TAKE an active interest in all the problems and activities of the Retailers of his community.

DEVELOP a personal acquaintance with every store proprietor and Credit Manager.

SECURE all the newspaper publicity possible, particularly about bad check operators, fraud buyers, and other forms of credit swindles.

BECOME a Leader in Local Credit Association. If there is none in your community, organize one. Hold meetings, attend each and make them interesting.

ENCOURAGE National membership. It is a fact National members are the best supporters of a Credit Bureau. They get the proper viewpoint of Bureau Service through reading the Credit World.

National Office Items

(Continued from page 15)

credit man and bureau man to whom I wrote took pains to help me, and the information I got from them was very valuable."

We wonder if all our members appreciate and use the fraternal spirit that is outlined in this letter.

N. R. C. A. ENGAGES COUNSEL IN WASHINGTON

In order to keep in constant touch with legislative matters of vital interest to the members of the National Retail Credit Association, the Board of Directors have appointed Mr. R. Preston Shealey, 701 Colorado Building, Washington, D. C., as Washington Counsel.

Mr. Shealey, for many years, was representative of the Wholesale Credit Men's Association.

DEPARTMENT OF COMMERCE ISSUES BULLETIN ON HARDWARE DISTRIBUTION COST

Last May there met in the Department of Commerce in Washington, D. C., a group of fourteen executives with widely diversified interests, including manufacturers, wholesale and retail distributors, publishers, and advertising agency representatives, for the purpose of directing the future activities of the department in the field of domestic commerce into channels most immediately productive.

The first of the cost studies conducted by the Domestic Commerce Division and based on functional costs of distributing hardware items, which is now being distributed, is an analysis of operating costs in that particular field and symbolizes the work which has been undertaken as a result of the suggestions offered by those executives assembled several months ago to advise Secretary Hoover concerning the problems of big business which urgently need solution.

Improvement in the field of distribution is a topic of vital interest to all practical business concerns, and the present study, which covers results actually accomplished in distributing certain hardware items, is a concrete example of discoveries which might be made by any hardware dealer in

following developments under the headings of selling, office, volume, handling, bulk, turnover, advertising, management and miscellaneous. Write to the St. Louis office of the Bureau of Foreign and Domestic Commerce if you wish to receive a free copy of this study.

ADVERTISING IN CREDIT WORLD PRODUCES

The following excerpt from letter received from F. E. Parker, vice-president and manager of the Merchants Credit Bureau of Detroit, is self-explanatory:

"I thought that you might be interested in knowing the results from our giving you advertising for our collection department in the CREDIT WORLD.

"We received one claim for collection for \$300.00 less than one month after the CREDIT WORLD was out—the creditor stating that they took our name from the CREDIT WORLD. We collected the account in less than thirty days, on which our commission was \$100.00; net profit from our ad—\$70.00.

"I don't see why more of our bureaus who conduct a collection agency do not patronize their own medium, as this is not the only claim that we have received, but the most notable one.

"We are receiving claims every week from some part of the United States, who state that they took our name from the magazine.

"It might pay you to pass this information on to all bureaus who have collection departments—that we consider it about as profitable an investment as we could have made."

LIBERTY, MISSOURI, CREDIT BUREAU ORGANIZES A LOAN COMPANY

The credit bureau of Liberty, Missouri, has developed a plan for handling delinquent accounts that seems to be the solution for "frozen" accounts that are beyond the reach of the law and the usual collection procedure.

The credit bureau of Liberty, Missouri, has been in operation for nearly two years and has always made collection service the backbone of the credit work. It has been an unwritten

law among the membership that only those individuals who were willing to pay regularly and systematically on the accounts that were on the books against them, prior to the starting of the bureau, are entitled to credit privileges in the future.

Those debtors whose honor has been sufficient to cause them to deny themselves enough of the pleasures of the present to permit them to pay consistently on the obligations of the past, have formed the nucleus for an unusual

(Continued on page 28)

FOR SALE: Good live Credit Bureau and Collection Agency in western Nebraska town of about seven thousand population. Present membership Credit Bureau fifty, with over two hundred prospective members. Business handled by one outside man and one office girl. Railroad center in the heart of good farming community. Small capital will turn the deal. Terms if desired. Very good reason for selling. Address all communications to Box W, Editor of CREDIT WORLD, 606 Equitable Bldg., St. Louis, Missouri.

Your Collections

... in ...

DETROIT

Will receive the best attention possible if sent to

The Merchants Credit Bureau, Inc.

The largest collection department in the city devoted exclusively to RETAIL ACCOUNTS.

The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

Rates Reasonable
Safety Assured

Address—602 Barlum Bldg.

Standard Price and Dispatch as Related to the Standard Report

(Continued from page 12)

ment which is likely to defeat the very ends they have in view. Competent and well conducted bureaus are not to be required to carry those agencies or agency men who cannot, or will not, educate the merchants in the proper usage of the service available.

We find that we are not altogether clear as yet, as to what a standard report is, judging from some of the reports we encounter. It is evident that as yet a well defined schedule, outlining the principles involved in dispatch, has not been worked out, therefore it would occur to me that now is the most logical time to develop these angles before we attempt to apply a yardstick to measure their value.

Much discussion has been advanced from time to time regarding the direct inquiry—that thief of credit which has been so instrumental in creating individual credit losses and very prominent as an immediate cause for pyramiding of credit. I doubt seriously if there is one in this room who will not agree with me that the direct inquiry is unsound as to principle. If I understand the situation correctly, you, as a body, believing you are right, put forth considerable effort in attempting to curb this particular abuse.

This being true, let me ask you how you can reconcile this effort on the one hand, with a demand for an increase in exchange price, on the other. To me, one situation is not at all compatible with the other. I believe there are present capable men who will agree with me that if the time ever comes when the price should be increased, it is sufficiently far distant so that it can have no material bearing at this time upon this gathering. You must reason clearly and logically. You are being looked to by the retail merchants of this country to lay down laws, rules, or principles that will direct them without confusion and loss. Surely, you cannot be found confused among yourselves. You should ever hold in mind that we, as merchants, are burdened with the ever increasing cost of doing business. We look to you for relief to a marked degree. We expect you not only to render a helpful service insofar as the report is concerned, but in dealing with retail credit in general you should be able to formulate the best policies possible and promulgate them.

My thought is that we must standardize our work to reduce cost and useless effort, to avoid confusion, to gain respect, and to hold confidence.

I know of no other undertaking at this time that should hold your interest more keenly than the working out of those laws that have to do with a standard report at a standard price, delivered with consistent dispatch.

CLEVELAND COLLECTIONS

are

SOLICITED

DEPARTMENT
owned and controlled by representative retail establishments of City.

Association will accept, and solicits, all forwarded claims for collection.

Address

The Cleveland Retail
Credit Men's Company

405 Chamber of Commerce
Building - Cleveland, Ohio

MEMBERS PLEASE NOTE

Our attention has been called to the fact that a letter written on July 14, 1926, on the stationery of the Retail Credit Men's National Association, and signed by D. J. Woodlock, managing director, addressed to Mr. G. F. McFarland, c/o INTERNATIONAL CREDITORS' COLLECTION ASSOCIATION, PHILADELPHIA, PENNSYLVANIA, and dealing with the subject of securing someone in the city of Philadelphia who could bring together the retail credit grantors of that city, has been reproduced and is being carried by the salesmen of the International Creditors' Collection Agency, and shown as an evidence of the relationship between this association and the collection agency.

This letter was a personal one, addressed to Mr. McFarland. Its contents have no bearing whatsoever upon the merits of the system, or collection methods of the International Collection Agency. It was reproduced without authority and should not be taken as an endorsement of the International Collection Association.

No officer of the National Retail Credit Association, either personally or in his official capacity, has authority to recommend or endorse any collection agency not a department or recognized agency of a local association of our National body.

We have made a demand for an explanation as to why this letter was reproduced without authority.

Standard Report

(Continued from page 4)

"P. C. Williams: clerk; formerly lived at 1622 ————Place; understood to have left here about 30 days ago for Denver on account of wife's health; bank said was satisfactory. Other references reported no trouble with the account. We have never had any claims against him. His record while here seems to have been satisfactory."

For the above information, we sent the regular coupon. We gave references, previous place of employment, previous address; but the reporting office, apparently, overlooked entirely checking the previous place of employment; did not give us details as to accounts which he may have had, and obtained no report from the bank other than that subject was satisfactory with the bank. The report is very incomplete, as it gave practically no information other than that which we had already received from the subject of inquiry.

Another case in hand by actual occurrence: We sent the regular coupon; gave subject's former place of residence and occupation, together with several references. Subject, in his application, claimed to own his home at the last place of residence, and to have rented it at \$150 a month, on a year's lease, at the time he left. The report came back reading as follows:

"L. S. Harper; office manager, bond and security house; residence, ———— Blvd. This party, we find, lived in ————, which is a suburb to ————, for 15 years. He has always borne a very good reputation, and paid his bills promptly. References report credit up to \$50; account active for years. Subject has a married daughter teaching at ———— College. He recently left here for Colorado, where we understand he may engage in the bond and security business."

I have brought with me several standard reports which we have picked at random from reports received recently from out-of-town associations. Please note the completeness of these reports. (Read reports.)

There is no doubt but that our merchants today are more exact than ever in the matter of wanting and needing the most complete and up-to-date information obtainable at the

time an applicant seeks credit. If we, as agency men, so organize our offices and so train our help that we may be in position to promptly supply our constituents with the best possible, we shall, in our opinion, eliminate all membership difficulties and sales resistance. Sales resistance in Denver is practically unheard of. We have had no membership differences in years. We believe this condition is due to the fact we endeavor to give our members the very best we have, and within the shortest possible time. We endeavor to guard against errors, and, as a result, our membership has confidence in our reports and uses us very freely.

Let us liken a standard report unto the aeroplane.

First of all, we have got to have an accurately constructed machine. This machine must be as nearly perfect, mechanically, as human brains can make it. The machine is our organization.

Next in importance, we must have someone who understands the machine; who is able to operate it successfully. Thus, we find the pilot, or the manager of the organization. If he is not properly trained and thoroughly familiarized with the workings of the machine, it will not function as it should. The machine would be useless, so to speak, without a pilot, but the pilot isn't all.

This machine, to render perfect service must, at all times, be well lubricated, with the best lubricant obtainable. Here we have our office force, capably trained and supplied with modern devices with which to work. Cheap, untrained help, working with antiquated office equipment, will do much to "burn out the bearings of the machine" and cause more destruction than anything else.

Next, we must have our signaling devices. A modern aeroplane, as a rule, is equipped with the very latest mechanical devices, in this respect. If an association is not thusly equipped, it is sadly handicapped. We must have up-to-date telephone service, the very best obtainable, and it must be handled by expert operators.

This machine must have fuel on which to operate. The gas tank must be well looked after, and our association employees must be well paid,

otherwise they will not be satisfied and will not give us their best. Fuel, in form of good salaries, keeps the machine in operation, and, in this connection, ample fueling of the office force usually means satisfied members who are willing at all times to see the association prosper is amply "fueled" to the extent that they are willing to pay well for good service.

Whether our machine is used for observation purposes or long distance flights, the object in view is always to accomplish our purpose, which means that when the machinery of our association, at the request of any member or any out-of-town agency, is "thrown into gear," we must be prepared to reach the goal by delivering promptly, a *standard report*.

WHAT'S IN A NAME

Schaeffer — Shaefer — Catherine — Kathryn — which is it? That's the question that wracks the worried heads of the credit bureau people ten or twelve times a day, week in, week out, when a request for report is sent in with the name misspelled.

Someone "just took a guess at it"—and a brave guess it must have been, for there are thirteen different ways to spell Shaffer, to say nothing of the Catherines and Katherines, and Cathryns and Kathrynys, whose owners are so proud of each peculiar spelling!

Even innocent enough Brown has its hitches, for that could be Browne, or even Broun. Take Smith, too. Common enough, surely, and apparently a "safe bet" to write without consulting the customer; but after thumbing over some two hundred accounts of the Smiths, we ran across a dozen or so Smythes, and lo, another Smythe!

And when you get into the Rascminovitzes and the Czerninskys, and whatever—well, your guess is right once in a hundred times, perhaps, but the other ninety-nine are going to cause no end of exasperated sighs and wild speculations up in the credit bureau.

Moral: Don't guess. Mr. Browne may not be a bit pleased to be Mr. Brown, and perhaps Mr. Smythe is ready to guard that "y" and extra "e" with his life, insignificant as mere spelling may seem! And it will cause no end of trouble and delay in making the report.

National Office Items

(Continued from page 25)

credit loan company, organized and incorporated with a capital stock of \$10,000.00 without requiring anyone to put a dollar into the venture. The sincere desire of the majority of debtors to pay every dollar they owe is the rock upon which such an organization can be built.

After being in charge of the credit bureau for nearly one year and finding the collections becoming more difficult, G. B. Barnes, who is the manager of the bureau, began to plan a way of controlling the accounts of certain individuals of the community. A careful survey of the collection records revealed that about ninety per cent of the delinquent accounts on the books of the merchants in this small town of approximately four thousand people were against some two hundred individuals. It was also learned that each of these individuals owed from five to twenty of the members of the bureau. It was also learned that the average indebtedness of these two hundred individuals would only amount to about \$150.00. Let it be stated again that of this group of debtors around whom practically all of the credit losses of the merchants revolved, the majority are able and willing to pay all of their delinquent accounts if given sufficient time and a definite plan of liquidation.

It is with this group that the merchants of Liberty, Missouri, have determined to co-operate on a constructive plan of liquidation. The manager of the bureau and several of the members worked out a plan for a loan company that would lend worthy debtors sufficient money to clear all of their accounts from the books of the merchants around town. The next step was to create a corporation with full power to make such loans. The capital stock required to handle the volume of business was estimated at \$10,000. Practically every member of the credit bureau has subscribed from fifty to five hundred dollars of capital in the corporation. This capital was paid in by approved and collectible accounts and not a new dollar is going into the plan. From the assigned accounts money is collected and put into a fund to be used for loaning purposes. The money is loaned from the fund

to pay the accounts of other debtors who apply for a loan. In this manner the money received from the assigned accounts comes immediately back to the investors by getting a cash settlement on some other debtor's account.

The plan is worked out in such a way as to enable it to be a paying investment to each of the stockholders. It actually reduces the collection overhead of each firm that participates in the plan because one collector from the office of the loan company will protect the rights of the individual merchant just as much as an employee of the store. He will at the same time be getting returns on from five to twenty other accounts and dividing the cost of collection in as many different ways. This same office, by clearing all of the delinquent accounts through its resources, can follow up each debtor sufficiently to get the best possible results. Thousands of dollars are lost each year in towns that do not have an efficient method of following up these small accounts.

By the centralization of this complete credit information on the persons who have given the merchants trouble in the past, they are able to better control their credit purchases in the present and future. A debtor who has accepted a definite plan of paying on all of his former indebtedness will not be so apt to seek to involve himself in more financial obligations. With all of the credit information on one set of books, in a central office, it is not likely that a merchant will give an unreasonable amount of credit unless there is a possibility of immediate collection or an O. K. from the central office. This plan will not work out to perfection, but with the proper management it is going to be a great step toward centralized control of the credit situation in towns of this size.

MILWAUKEE LOCAL FOSTERS EDUCATION

One of the first acts of the new administration in the Milwaukee local, was the appointment of an Educational Committee, the purpose of the Educational Committee being to urge members to devote their time to studies for their advancement, and place them in touch with competent instructors, out-

line courses for them, etc. The Educational Committee has secured the co-operation of the University of Wisconsin, which maintains a very large extension division in Milwaukee. Among the courses that are offered under competent instructors which are of particular benefit to credit men and credit women, are the following: Business Law in all its branches, Accounting, Business Principles, Economics, Marketing, Salesmanship, Public Speaking and many others.

It is hoped that there will be a sufficient demand after the fall term for a course in Retail Credits and Retail Collections; if so, the University of Wisconsin will co-operate with the Milwaukee credit men in offering such a course. In the meanwhile, we would like to hear from other cities where similar plans have been tried and their experience with this, and would be glad to get any ideas they have to offer.

PINE BLUFF, ARKANSAS, ENTERTAINS STATE SECRETARIES

We are advised by Mr. Arendt that the semi-annual meeting of the Associated Retail Credit Bureaus of Arkansas was a wonderful success from the time the meeting was called to order by President Weagar, until the final statement in the address of Mr. James W. Strawn at the banquet.

The meeting was full of enthusiasm and they thoroughly discussed many interesting subjects from the advisability of accepting professional men into the bureau to the value and necessity of publicity in connection with operating a credit bureau.

All those present felt that it was one of the most favorable state meetings that they have ever attended.

GOLF

Golf's a mighty funny game,
I never got it right,
You buy a ball for ninety cents—
Then knock it out of sight.

You hunt around in weeds and thorns,
And find it in its den;
And take a club and try to knock
It out of sight again.

—In Vagrant Verse,
Collected by John C. Lebens.



When You Buy Coal

... consider the following:

At this time of the year when the winter supply of coal is being purchased, it is well to remember that the majority of states have statutes which require every person or company selling and delivering coal to give the purchaser some sort of a ticket stating the weight of the coal delivered and the kind and character of such coal.

Be sure that the ticket delivered to you by the driver contains the name of the kind of coal you ordered. This is your protection against substitution and deception.

All reputable coal dealers do this so that you may know just what you are buying. Many coal dealers are co-operating with Better Business Bureaus in their effort to see that the public gets a square deal and will appreciate it if you will report any cases of inadvertance or deviation from the policy.

Do not be misled by corporate names. There is in St. Louis, for example, a company which incorporates the name "Carterville" in its firm name. Carterville is a well known name of a coal from a distinct locality.

This company offers a special brand of coal featuring the word "Carterville" in combination with another name. The advertiser has admitted in writing that when this special brand of coal is ordered he does not deliver genuine "Carterville," but claims the right to the term because it is part of the firm name. We believe its use to be improper and misleading.

NATIONAL BETTER BUSINESS BUREAU

383 Madison Ave., New York City, N. Y.

CREDIT MEN CAN REDUCE COMMERCIAL FAILURES. SIMPLIFIED PRACTICE OF VITAL INTEREST

By R. M. HUDSON
Chief Division of Simplified Practice, Dept. of
Commerce, Washington, D. C.

ONE HUNDRED and thirty-five thousand commercial failures from 1920 to 1927, inclusive, with total liabilities of \$3,500,000,000, is a record that every retail credit manager can help to reduce. Seventy per cent of all the failures in 1924-25 and '26 occurred in the trading groups and this group's share of the total liabilities increased from 37¼% in 1924 to 49% in 1926.

Bradstreet's analysis of causes of failures during the years 1922 and 1926, inclusive, gives "incompetence" as the cause for 35% of the cases, and "lack of capital" for 33% more. Causes for failure of the other 27% are scattered among "inexperience," "extravagance," "speculation," "fraud," etc.

In so far as incompetence expresses a deficiency in managerial ability, it can be overcome by intensive study and application of methods that have helped others to success, but oftentimes "lack of capital" means "too much money tied up in slow moving or dead stocks." The effort to carry a wide variety, a large assortment or a full line, has handicapped many an otherwise capable merchant. Fear that he would lose trade if he couldn't fill every order that came his way has tempted more than one merchant to "overstock." Simplified practice helps the merchant to cut down his inventory, get quicker turnovers and better profits.

One merchant carried in his women's and children's hosiery department an average monthly investment of \$55,850, divided among 26 manufacturers. His annual sales were \$87,633 and his stock turn 1.57 times per year. Eighty per cent of his business was done on 5 brands, 20% on the other 21. At that he lost 54% of the people who came in his store because 4 times out of 5 he didn't have the size they wanted. He simplified his stocks to 5 brands, cut his investment to \$29,000 and increased his sales to \$187,795 a year. He cut his lost sales from 54% to 23% and cut down the number of clearance or mark-down sales necessary under the former conditions by 15%. A well-known Eastern hardware merchant cut out 31% of his

stock items, 28% of his territory and 56% of his customers. These changes caused some decrease in his gross sales but the volume of net profits increased 35% in 3 years and the percentage of "net" to "sales" increased 68%. These examples demonstrate the meaning of simplification.

Credit managers are in excellent position to bring this subject before the other executives of their company to determine if simplification will help increase the net profits. One hundred dollars saved each month, whether through the avoidance of bad debt losses of that amount, or through elimination of non-profitable varieties of merchandise, is equivalent to six per cent net on \$20,000 worth of new business. Excessive variety is often a profit-waster. Simplification helps the credit manager in his job of saving profits.

Our Legal Department

(Continued from page 21)

should be refused to those whose names appeared upon the list. The defendant was a member of the association and she furnished to the association, among other names, the name of McDonald. The list of names thus reported as slow pay was printed by the association with the number of the physician who furnished the information added.

There was nothing upon the face of the publication to indicate its purpose, and no one but a member could understand its meaning. The publication was considered confidential and limited to the members of the medical association.

Upon the trial, the Judge instructed the jury to render judgment in favor of defendant, as the publication was privileged, and there was no evidence of malice, or of special damage.

It did not appear that by reason of the report credit was refused McDonald, or that any member of the association refused to serve him in a professional way.

Accordingly, the Court held this was not libelous per se, and special damage must be proved—there being no showing of such damage, judgment for defendant was affirmed.

Now, to sum up: the state courts wherever they have decided this matter in some four or five or six different states in this Union have held that the

merchants have a right, under the law, to join together for the purpose of finding out about the financial or moral condition of a person. They have a right to publish the bulletin or circular or whatever you call it and to put on there the names of those owing and send that to the members: that is not libelous unless it is done with malice, for the purpose of injuring somebody. Therefore, if your association has a bulletin, it is clearly within the law and within its rights.

CREDIT MEN IN 1927 "MANAGEMENT WEEK" CAMPAIGN

(Continued from page 5)

than 30,000," according to Ray M. Hudson, the secretary of the National Committee on Management Week.

The topic for the campaign this year is "Management's Part in Maintaining Prosperity." The national committee regards this topic as very timely because of the high level of prosperity prevailing throughout the United States, and the necessity to consolidate the gains made in recent years as a safeguard against recession. "Ever since 1921, when the Hoover Committee on Waste in Industry brought out its report placing the responsibility for 50 per cent of that waste on management itself, and only 25 per cent on labor," said Mr. Hudson, "there has been a growing recognition of sound management as the basis of business success."

"The Hoover Committee stated that management has the greatest opportunity and therefore responsibility for eliminating waste. Management's answer to that challenge is found in the marked increase in per capita productivity during the past 5 years and in other evidence of greater national efficiency."

Among the many organizations that have pledged support and co-operation to the work this year, in addition to the Retail Credit Men's National Association, are: The Chamber of Commerce of the United States, The International City Managers' Association, and The National Wholesale Grocers' Association, Associated Industries of Massachusetts, California Manufacturers' Association, Manufacturers' Association of Connecticut, Associated Industries of Missouri, New Hampshire Manufacturers' Association, and others.

CODE OF ETHICS

*As Adopted at the Fifteenth Annual Convention of the National Retail Credit Association
at Providence, R. I., August 9-12, 1927.*

I. Our Duty to the Store

1. To promote business by expediting every credit sale that is consistent with sound credit principles.
2. To conserve capital by declining to sanction unsafe credit risks. Credit cannot be safely granted on sentimental grounds, or as a personal or business favor.
3. To carry on credit work in such a way as to promote the good-will of the store's customers.
4. To insist that the credit manager, as responsible for the foregoing results, shall not be overruled in his decisions by other store executives.
5. To so conduct the work of our department that we are in a position to give our reasons for every risk sponsored and every application refused.

II. Our Duty to the Debtor

1. To make clear the nature of the obligation which he assumes when an account is opened.
2. To protect him against assuming obligations beyond his probable ability to pay. The greatest obligation of the credit man is to tell the applicant when he has had enough.
3. To safeguard future credit by requiring payments as agreed.
4. To hold as confidential, and a matter of professional honor, the information received as to the private business life of an applicant for credit. This rule shall not be understood to forbid the reporting to the local credit bureau of such facts as affect his credit standing.
5. To recognize that accident, prolonged sickness, bereavement, or other unavoidable circumstances justify exceptional treatment, and afford an opportunity for cementing the friendship of the customer with the house.
6. To adjust bills cheerfully, rather than grudgingly, and emphasize the confidence of the store in the customer's word. The credit department should be recognized as the customer's friend in all controversies with the store.
7. To be tactful in all dealings with a customer, particularly in handling collections and in refusing requests for credit.
8. To protect the customer, in repossession proceedings under a conditional contract, by restoring to him any equity that may remain.

III. Our Duty to the Public

1. To encourage the broadest use of credit that is consistent with the safety of the business and welfare of the public.
2. To educate the public in the nature of credit, as a relation of mutual trust, and in the value of establishing credit standing with reputable stores.
3. To enforce collections equally and consistently. This does not necessarily involve uniform credit terms for all credit-granting stores.
4. To discontinue the competitive advertising of credit terms, as tending to cheapen the public's conception of credit.
5. To avoid all "trick" credit terms.

IV. Our Duty to the Profession

1. To clear information promptly, completely and accurately through the local credit bureau.

2. To distinguish between information and opinion regarding the desirability of a credit risk; mere opinion should be so stated, with the reasons upon which the opinion is based.

3. To avoid direct inquiry between one credit executive and another, a practice which brings undesirable consequences in retail credit work.

4. To report credit information only to those entitled to receive it, and to treat as inviolate the information so received.

5. To avoid public criticism of another credit executive or another store. Lapses in professional ethics should be reported to the officers of the local association.

6. To encourage friendship between retail credit men, as tending to an exchange of ideas and methods, which must necessarily result in benefit to all, with no possible harm to the stores by which they are employed.

7. To train employees of the credit department in the principles of accuracy, honor and public service required by the profession of retail credit.

8. To follow, as far as possible, the following recognized credit customs:

Recognized Credit Customs

1. Retail credit is defined as the right to purchase goods or services in exchange for the obligation to pay therefor at a definite time. The obligation may be an implied promise or a written contract.

2. In the absence of any other expressed terms, 30-day terms apply and are to be enforced. Thirty-day terms mean payment by the 10th or 15th of the month for all purchases of the preceding month.

3. The extension of terms to 60 or 90 days for special purchases is recognized as acceptable practice, when such arrangements are made with the credit manager at the time of purchase. An additional charge is justifiable, figured at 6% on the extension of time which has been added to the customary credit terms.

4. Installment selling, or the extension of terms past 60 or 90 days, is to be on a prescribed basis, uniformly applied and clearly set out to the public in advance. Such extension of credit should be paid for by the customer at cost, which means a return of 6% on the outstanding balances plus the added cost of bookkeeping, billing and mailing, plus the risk due to losses and delayed payments, as averaged for that type of business.

5. In installment selling, the down payment and terms are to be so arranged that installments do not run beyond the life of the article.

6. Under any terms of sale, where payments are not made as agreed, an additional charge is justifiable, figured at 6% on the outstanding balance.

7. In other than regular charge transactions, it is recognized as necessary and desirable to use some form of conditional contract, whereby title to the article is retained by the store. The power of repossession (replevin) is strictly a credit function, to be used as a last resort in extreme cases, and never to the profit of the house.

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tear the page out and frame the
CODE OF ETHICS if desired. It is
perforated so that it will not disfig-
ure the book by removing this page.**

